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# West Europe Report

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9 JUNE 1986

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## SCHLUTER SEEN NEEDING TO HANDLE COALITION PARTNERS FIRMLY

## Result of Easter Package

Copenhagen BERLINGSKE AFTEN in Danish 14-20 Mar 86 pp 1, 2

[Commentary by Solveig Rodsgaard]

[Text] The government's hinterlands, the four parliamentary groups, must be ruled with an iron hand if the government is to become stronger by the next parliamentary elections. It is no secret that the rank-and-file members of the coalition parties may feel bad when cabinet ministers are selected among people who are not members of parliament. Some members will feel ignored.

The major reshuffling of the cabinet has clearly strengthened the coalition government and Prime Minister Poul Schluter has indicated once again that he has personal control of the political situation. The clear purpose has been to create an effective government for the rest of this term. But precisely the composition of a strong government demands extremely effective control of both the government and the four parliamentary groups. The government's relationship with the parliamentary groups can be hurt by the fact that the government has selected three ministers from outside parliament. Nor is it any secret that it may be a problem for any government--regardless of party colors--to have former ministers as members of the parliamentary groups.

The Conservative Party parliamentary group with 43 members must accept the fact that three of the four new Conservative ministers are not members of parliament, while three former ministers will now work within the parliamentary group. To be sure, the Liberal Party's two new ministers both come from the parliamentary group, but the group now also has two extremely disappointed former ministers and it is no secret that former Agriculture Minister Niels Anker Kofoed's relations with party chairman Uffe Ellemann-Jensen are somewhat strained. The parliamentary group of the Center-Democratic Party (CD) has certainly been strengthened by the selection of former Housing Minister Niels Bollmann as group chairman, but this is also a clear signal that loyalty to the coalition government will be given more emphasis. Once again, the Christian People's Party has had its request for an additional cabinet position denied. At the same time, the four rank-and-file members of parliament have a somewhat strained relationship with the party's cabinet member, Environmental Minister C. Christensen.

Thus, there is a need for the correct management of the parliamentary groups and the four group chairman--the Conservative Knud Ostergaard, Ivar Hansen of the Liberals, Center-Democrat Niels Bollmann, and Jens Steffensen of the Christian People's Party. Prime Minister Poul Schluter must utilize all his political ingenuity to make the cooperative effort work. With regard to Jens Steffensen, Poul Schluter must also accept the fact that, this time around, it was the Christian People's Party chairman who was first to demand an additional cabinet seat.

#### Changes

The reshuffling of the cabinet has been in the works for a long time, but the prime minister has had a firm grip on this development all along. After the referendum on the EC package that the government won, there are clear indications that the next parliamentary elections will not be held before late 1987. Thus, the strategy is that the new, firm grip on the government will result in a bright future for the coalition even after the next parliamentary elections.

The head of state has found it necessary to install a new Conservative as industry minister in place of Ib Stetter. This is seen as a gesture to the business world, but at Christiansborg it is also believed that, by selecting chairman Nils Wilhjelm of the Industry Council, Poul Schluter has once again been clever enough to "take a hostage." After all, how will businessmen now be able to formulate criticism against the government? Appointing Professor H. P. Clausen, former chairman of the Media Commission, as new culture minister also represents a gesture to the Radical Liberals and the Social Democrats, especially in connection with the prolonged negotiations over a possible TV-2 channel. The new labor minister, Henning Dyremose, who left the Conservative parliamentary group some 2 years ago, should be dynamic but skillful in his negotiations with those involved in the labor market. Only 6 months remain until negotiations toward a new contract begin. It is no secret that Grethe Fenger Moller has had difficulties with the Labor Ministry and with her field of responsibilities. Now she will become political chairman instead. With the selection of Lars P. Gammelgaard as fisheries minister, Poul Schluter has recognized his hard work as political chairman and will now expect him to work hard at the Fisheries Ministry, as well. But this also means that the likewise hard-working Henning Grove will be sent back to the parliamentary group.

Svend Erik Hovmand of the Liberal Party, until now the chairman of the Finance Committee, will also be recognized for his efforts in parliament. He will be placed in charge of an Energy Ministry that his predecessor, Knud Enggaard, has gotten on track. Now Knud Enggaard will attempt to do the same at the Interior Ministry, where Britta Schall Holberg has created many problems, especially with regard to local communities. In the future, Britta Schall Holberg will spend her energy at the Agriculture Ministry as successor to Niels Anker Kofoed. As agriculture minister, he has quarreled with the Social Democrats and with Environmental Minister C. Christensen. In addition, his relations with many members of the Liberal Party's parliamentary group have been chilly, to say the least. The new Liberal housing minister, Thor Pedersen, took the position by default, since Elsebeth Kock-Petersen did not want to be housing minister, even though she had to accept loyally the fact that former Culture Minister Mimi Stilling Jakobsen took her position at the Social Affairs Ministry. There

are now many disappointed members of the Liberal Party parliamentary group. The most disappointed member, however, must be the party's deputy chairman Anders Fogh Rasmussen. He had certainly counted on being a cabinet minister after the reshuffling, but the official word is that there is a great need for his work as deputy chairman, since party chairman Uffe Ellemann-Jensen, who is foreign minister, must often be away from the group. But Anders Fogh Rasmussen does not have the most cordial relations with the party chairman and his many ideological Liberal crusades are a source of irritation not only for Uffe Ellemann-Jensen, but for the government as a whole. Anders Fogh Rasmussen's latest initiative, a nine-point program for the coalition government, infuriated both Uffe Ellemann-Jensen and Economy Minister Anders Andersen. In a response to parliament, Anders Andersen recently distanced himself from the program: "Its contents express the opinions neither of the Liberal Party nor of the government."

The fact that the government's elder statesman, Anders Andersen, is continuing as a cabinet minister at the age of 73 also stresses the need of the Liberal Party for an extremely active liaison between the government and the party's parliamentary group.

The appointment of Mimi Stilling Jakobsen as social affairs minister is an attempt to give the Center-Democrats a sharper profile before the next elections. The Center-Democrats lost seven seats in the January 1984 elections and the parliamentary group of eight members has had a difficult time keeping a high profile because it had to give up four cabinet positions (Greenlandic Affairs Minister Tom Hoyem is not a member of parliament, however). By placing the party's "crown princess" in one of the most important ministries, both the prime minister and the political leader of the Center-Democrats, Erhard Jakobsen, hope to draw the party more into the limelight. On the other hand, the party (Erhard Jakobsen) has voluntarily given up one cabinet position, but the parliamentary group is strengthened by having former Housing Minister Niels Bollmann as group chairman, even though Bollmann may have led an extremely quiet existence as housing minister.

#### Schluter's Plan

As mentioned before, Prime Minister Poul Schluter has planned to reshuffle the government for some time. He wanted to make extensive changes. Late last year he began to move and in early December the first real discussions took place between the prime minister and Foreign Minister Uffe Ellemann-Jensen. Erhard Jakobsen, Mimi Stilling Jakobsen, and Environmental Minister C. Christensen were also informed. In addition to these discussions, the prime minister also had detailed talks with Finance Minister Palle Simonsen, who is one of the prime minister's closest advisers, Justice Minister Erik Ninn-Hansen, and Conservative Party parliamentary group chairman Knud Ostergaard.

During December the plans to reshuffle the cabinet became more concrete as a result of meetings between the prime minister and the foreign minister and, secondarily, meetings involving the prime minister, the finance minister, and Knud Ostergaard, and meetings with the Liberal Party including the foreign minister, Economic Minister Anders Andersen, and parliamentary group chairman

Ivar Hansen. The idea was that the changes in the government would be made in early January before parliament reopened after its Christmas recess on 14 January. But the Social Democrats' rejection of the EC package and the prime minister's decision to call for a referendum destroyed these plans. Top leaders in the government then decided that the changes would be made just before Easter.

Everything was very hush-hush and, in keeping with Poul Schluter's style, the cabinet changes were to come as a surprise. Around the time of the EC referendum, however, reports concerning changes in the government began to appear. The newspapers, radio, and TV news had various ministers exchanging places and there was talk of a new superministry consisting of all the economic ministries, under the leadership of Uffe Elleemann-Jensen, so that he, as party chairman, could stay at home and take care of the party. In return, Finance Minister Palle Simonsen would become foreign minister. Although Uffe Elleemann-Jensen immediately denied the stories about a superministry, the leadership of the government was already to the point of having a list of names. This list did not have the foreign minister and finance minister exchanging places.

Last week, while the Nordic Council was meeting in Copenhagen and parliament was in recess, more work was done on the list of ministers. Only a few cabinet ministers and others close to the government were informed, however. No cabinet meeting had been held since 18 February, first because of the EC referendum and then because of the Nordic Council. At the traditional Friday breakfast between the Conservative ministers and group chairman Knud Ostergaard on 28 February, a question concerning the many reports that had appeared in the press was coolly received.

On Wednesday 5 March the prime minister offered the position of industry minister to Industry Council chairman Nils Wilhjelm. He accepted immediately. On Thursday Professor H. P. Clausen agreed to become culture minister. Also on Thursday Novo director Henning Dyremose agreed to become the new labor minister. Poul Schluter had attempted to locate him in India for several days and on Wednesday Schluter contacted him by telephone in Bangalore. By Friday the list of ministers was almost complete.

#### Rumors

All this time the rumors were flying. Big changes--little changes--or perhaps no changes at all? The prime minister did nothing to help. "Concerning changes in the government, they could occur before Easter or after Easter or not at all," Poul Schluter said. It was also stated that a possible change had been blocked because neither industry minister Ib Stetter nor Economy Minister Anders Andersen wanted to leave. Ib Stetter did not want to wear this label. On Saturday he called Poul Schluter and told him that "the reports indicating that I refuse to leave are nonsense." In addition, Ib Stetter had written a letter to the prime minister back on 4 January 1985 pointing out that Stetter would turn 68 on 1 March (1985), so that if the prime minister wished, he could select a new industry minister.

A cabinet shakeup was more or less official shortly thereafter. CD political leader Erhard Jakobsen said once again that CD had no objections to Niels Bollmann's leaving the Housing Ministry to give new blood to the CD group in parliament. When it became clear that the Conservative Party would then have one more cabinet position than it was given when the government was formed in September 1982, the Christian People's Party entered the fray. The party's national congress passed a resolution, according to which the party's parliamentary group should work to gain an additional cabinet position, since the party gained one seat in the January 1984 elections, while CD lost seven seats. Group chairman Jens Steffensen and party chairman Flemming Kofod-Svendsen felt that this decision should now be implemented. As stated, however, the Christian People's Party gained nothing from this crusade except that, if the coalition parties form another government after the next elections, the Christian People's Party would be given two cabinet positions. The prime minister has also emphasized that the Christian People's Party actually holds two cabinet positions already, since C. Christensen is both environmental minister and Nordic affairs minister.

#### In Place

During the weekend of 8 and 9 March Poul Schluter was in close contact with Uffe Ellemann-Jensen. Poul Schluter also met with Erhard Jakobsen. On Sunday morning Uffe Ellemann-Jensen arrived home from several days of vacation in Norway. On Sunday afternoon the list of ministers was complete. On Monday Uffe Ellemann-Jensen informed parliamentary group chairman Ivar Hansen and Anders Andersen. Among the Conservatives, Palle Simonsen and Knud Ostergaard were informed several days in advance. Justice Minister Erik Ninn-Hansen received the final list of ministers on Tuesday morning from the prime minister and it is no secret that the justice minister was not in total agreement with the prime minister with regard to the composition of the government and the timing of the changes.

According to the plan, the four "fired" ministers would be informed on Tuesday, there would be a final meeting with the prime minister on Tuesday afternoon, and on Wednesday morning, 12 March, the cabinet changes would be made public at the same time that the outgoing and incoming ministers met with the regent, Queen Ingrid.

The normal cabinet meeting was held on Tuesday--the first since 18 February. It was a somewhat remarkable meeting. Not a word was said about the upcoming changes in the cabinet so that, apart from the top ministers, the cabinet members knew no more than what they had read in the papers. In the afternoon, however, Henning Grove was called in to see the prime minister while, at the same time, Uffe Ellemann-Jensen called the Liberal Party ministers involved to meet with him at the Foreign Ministry. It turned out, however, that Elsebeth Kock-Petersen did not want to be housing minister, even though both Uffe Ellemann-Jensen and later Anders Andersen and Ivar Hansen tried repeatedly to convince her. Thus, Uffe Ellemann-Jensen had to take out his list of four names he had held in reserve. Thor Pedersen was first on the list and he agreed immediately.

The last minister to be informed of her dismissal was Grethe Fenger Moller who returned home from a meeting in the Hague on Tuesday afternoon. Several hours later, after everything had fallen into place, the prime minister decided to announce the new government to the numerous members of the media who were waiting at the Prime Minister's Office.

#### Schluter Discusses Goals, Election

Copenhagen BERLINGSKE TIDENDE in Danish 16 Mar 86 p 5

[Article by Carl Otto Brix]

[Text] In the midst of the third major political struggle in a brief time, Prime Minister Poul Schluter tells about the EC referendum, the problems involved in reshuffling the government, the struggle to create economic balance, and a future that will reward individual talents and ingenuity.

The reshuffling of the government is part of the political strategy for the coming years, Poul Schluter (Conservative) told BERLINGSKE SONDAG after two major political events--the EC referendum and the cabinet changes--and in the midst of a third--the implementation of the Easter package.

"The changes in the government were not a necessity. It has been a great strength--and a great pleasure, I might add--that we have had the same team for so long. But if we look several years into the future, which we must now do, we see that, according to all indications, the next parliamentary elections will occur in about 2 years. Of course, there is no guarantee. We could just as easily have elections 14 days from now. According to all indications, however, it will be in 2 years and the government must make its plans accordingly."

"A rejuvenated team will do the job over the next 2 years. It should be new and fresh enough to go out to the voters and say: 'Dear friends, you know our policies. You can count on this government in the future, as well.' Of course, there is nothing to prevent minor changes."

Does this mean that the major problems have taken their toll on some of the former ministers?

"No, I do not mean that. The government could easily have continued for another 2 years without anyone's becoming physically or mentally exhausted. But it would not have been convincing to continue without making any changes at all in the cabinet. For then people would say that we were about to make the changes that have been expected for so long. It is more fair to do it now."

Have the changes destroyed the friendly climate?

"I cannot imagine that they have. The day that a minister ceases to be a minister is an unusual day, but everyone who has left the cabinet has been given an important new task. They will all have plenty to do."

Is it too much to say that new advisers have replaced old ones at the prime minister's side?

"To the extent that I have consulted with anyone, it is the same group as before. They are group chairman Knud Ostergaard, Finance Minister Palle Simonsen, and Justice Minister Erik Ninn-Hansen--those three in particular. I must admit, however, that in such a personal and delicate task as reconstructing a government--after all, that means that some will leave and others will enter the government--it is necessary to be prime minister in the sense indicated in the constitution--more so than in the ordinary day-to-day work. The prime minister appoints his ministers. It is best if the prime minister shoulders the burden of both the easy and the difficult decisions."

How do you make those often difficult decisions?

"I do it by beginning to think through the situation well in advance, at a time when the solution to the problem is not especially urgent and need not be found immediately. If you do this, it is not so difficult to make the decision in a short time, once the moment has arrived."

#### Liberals Have Not Been Weakened

Does this mean that the thought of changes came up even as the government was being formed in 1982?

"No, no. Not after the 1984 elections, either. At that time I was convinced that it would be best for this government to continue unchanged, but I have known all along that after 3 years it would be my duty to consider changes."

When did you come up with the names?

"I do not wish to answer that. You begin to think of the names several weeks in advance."

This government differs from one-party governments. Agreements have been reached among the four parties included in the government. There is no doubt that the Liberals, who were even with the Conservatives when the government was formed, are now in a weaker position. Has that not caused problems?

"Certainly not. The Liberals have not been weakened. The party still has eight cabinet positions. Two changes occurred in the January elections. CD lost seats and the Conservatives won seats. The Liberals and the Christian People's Party won one seat each. Since we were about to make a significant change in personnel, I insisted that the Conservative Party point out that we had become a larger family and that, naturally enough, we could meet the challenge by going outside Christiansborg to find outstanding and recognized personalities to participate in public service for one term. In this connection, it was important that CD make a cabinet position available. That party did so in the friendliest possible fashion."

You offered Liberal Party chairman Uffe Ellemann-Jensen a post as economy and industry minister. Did your coalition partner let you down once again?

"I believe it is a fine thing that the foreign minister is staying on at his present post. He is well qualified for the position. We can hardly stress enough here at home--after all, Danes are seldom recognized in this country--how much respect people have for Uffe's efforts. He has developed a great international reputation. That is good for him, but it is also good for the government and for our country."

Why then would he become economic and industry minister?

"I cannot confirm that this was a possibility. It has been in the cards all along that he would continue. It would be something else entirely, however, if Uffe Ellemann-Jensen came and said he wanted to change jobs. In that case, of course, we would discuss the matter."

#### Ellemann And Cooperation

Is not the foreign minister standing in the way of one of the goals that prompted the cabinet changes: reestablishing foreign and security policy cooperation with the Social Democrats?

"I wonder! I wonder about that. The Social Democrats have chosen the foreign minister as a constant target to attack. This may be because it suits the party's need on the EC issue--and, in part, on security policy issues--to be on the same wavelength as SF (Socialist People's Party). That is so convenient. It is easy to resort to personal attacks when you run short of objective arguments. It was primarily a number of organizations that, in connection with the EC election campaign, used their members' money for an extremely vulgar, cartoon-like campaign against the foreign minister. I believe that was the most painful and vulgar aspect of the campaign. It truly was. This is rare in Danish politics and I hope it is never repeated."

Does that mean that the head of the government has given up the idea of cooperating with the Social Democrats on foreign and security policy?

"Certainly not. We have done the Social Democrats the great service of using the referendum to reaffirm Danish EC membership on the new terms. I really mean this. After all, it is clear that most Social Democrats are relieved by the positive outcome. They may also be happy that, despite everything, as many as 44 percent voted against the proposal. I believe we have reached a decision of historic proportions and that this is positive for the Social Democrats, as well. Now we will no longer discuss the pros and cons. I hope we will now work well together to see that, under the new regulations, Denmark will utilize its membership to its best possible advantage. That should be something we could work for in a proper, reasonable, and relaxed manner. I also believe the parties will discover that this is in the best interest of both sides on the labor market."

#### Easter Package Will Give Surplus

Will another 3 months pass before new economic measures are put into effect?

"Experience has taught me how difficult it is to predict the international economic situation. In December I believed it was improbable that within the next few months we would experience another sharp drop in oil prices and in the exchange rate of the dollar. This is the reason behind what has come to be called the Easter package."

You are saying, then, that there could well be another package in 3 months?

"No, I am not saying that. We can predict our own national economic situation quite well. Here we are on more certain ground. I believe that the Easter package has helped us avoid a collapse of our continuing upswing. It has also made us solvent. The Easter package will also result in an historic turning point since, perhaps even in 1986, we will see a surplus in the government's finances. We started with an 80 billion kroner deficit. Because of the Easter package, real wages will increase slightly and the number of jobs will continue to rise."

These are three indications that we have a prime minister with increasing power at the head of our government. How does it feel?

"I have never thought of myself as a powerful person or a strong man. I believe I have done my political duty. Whenever possible, I like to deal with problems early and not have to solve them after business hours. This is the way to keep control of things. When other people entrust you with leadership, it is your duty to develop certain leadership qualities. This includes planning several months in advance."

Are you just as popular as you were before in the Conservative parliamentary group?

"You see, I remember when I was younger myself and was mentioned as a possible cabinet member on numerous occasions. It began with the Liberal-Christian government formed in 1968. I remember the feeling well. Several members of the Conservative group in parliament probably felt that I had them in mind and they are absolutely correct. But their time will come."

When?

"That is impossible to say. I can only say that I have made the decision that is best for both the government and the Danish people. It is good for Danish politics if several ministers come from the outside, with new ways of thinking and new vigor. They must be involved in society."

What will be the next major task of this government?

"We will start a campaign to renew and streamline all aspects of Danish society. Since everything is more highly organized, Danish society has become more rigid, somewhat bureaucratic and cynical. Too many experiments and innovations are stifled before they even begin. We have an overly organized society. It has its pluses, but there is also a price to pay."

"What I mean is that we are a society of organizations and institutions. Danish life is controlled by regulations, norms, and standards--decisions that organizations and authorities have made for us. Sometimes this is good and sometimes it is not. We must be on our guard, however, so that this does not kill too many new initiatives that could be of use to us. We are slow to adapt to new conditions. This raises the risk of a reactionary rejection of innovation. Through the government's modernization program we will attempt to promote the talent, innovation, and daring of the individual. That will be our next project."

#### Conservative Folketing Delegation Revolt

Copenhagen BORSENS NYHEDSMAGASIN in Danish 24 Mar 86 p 8

[Article by John Wagner]

[Text] Once again Prime Minister Poul Schluter has played for high stakes and won. He managed to pass the "Easter package," just as he managed last February to gain approval for an "EC package" and last week he managed to carry out an historic cabinet shakeup. With his at times bulldozer-like drive, however, he is in danger of having undertaken his last major economic measure this side of the next parliamentary elections.

The problem is not the small coalition parties. CD and the Christian People's Party usually jump up like lions and fall down like lambs. This is part of the process that occurs before a significant decision by the government.

The problem is that the government as such and the Radical Liberals as a support party cannot withstand another round. They can agree to adjust energy taxes in the middle of May, but that is all. In addition, the stage is being set in the Conservative parliamentary group for a confrontation against the obstinate style of leadership that (once again) was demonstrated during the negotiations over the Easter package.

Everyone in the Conservative group understands completely that the prime minister had to act above their heads when he called for a referendum on the "EC package" and when he reshuffled the cabinet. It was painful to many, however, when they learned only on the radio news that they were later going to elect former Labor Minister Grethe Fenger Moller their new political chairman. This was not so much because they wanted to elect someone else, but because the procedure was undemocratic.

The same was true of the process that preceded the approval of the "Easter package." They agreed with the contents, but they were certainly not happy to learn all the details through the various media. You feel a little ridiculous when you are given a 7-minute report by the prime minister, discuss alternative possibilities for 1 hour, and then learn that the government's proposal has already been distributed to the members' mailboxes.

"You" refers to a growing number of the 43 members of the Conservative Party parliamentary group. At a group meeting last Friday three members (Bernt

Johan Collet, Helge Adam Moller, and Svend Aage Petersen) directly criticized the procedure--for the first time in the history of the coalition. At the group meeting, there were an additional five or six members who indirectly supported the criticism, while some dozen resigned themselves to the inevitable. Thus, at least half the group has recently sparked the rumors of a "Ridebane Revolution." It was given this name because a majority of the critical members have offices in the Ridebane wing.

The frustrations of the past week must also be seen in the light of the fact that the prime minister brought in three Conservative ministers from outside the parliamentary group in connection with his cabinet shakeup. He did this even though Justice Minister Erik Ninn-Hansen and group chairman Knud Ostergaard warned him that there would be a strong reaction.

Several members of the group have confirmed that their patience is wearing thin and that a confrontation would have occurred last week if the opinion polls had not shown repeatedly that voter support for the party remained high. It is difficult to protest against policies that are successful--and guarantee reelection.

There was no "Ridebane Revolution" at the group meeting on Wednesday afternoon and there will be none in the immediate future, in part, because first Knud Ostergaard and now the prime minister have been out of the country. In addition, most members admit that the revolt is doomed to failure--and once a troublemaker has been put into the "deepfreeze," it takes a few years before the prime minister and the group leader are willing to forgive him.

On the other hand, many believe that both Poul Schluter and Knud Ostergaard have been given such a fright that the decision-making process will be democratized to some extent as early as just after Easter. Others believe that it will never change as long as Knud Ostergaard is chairman.

For the Radical Liberal parliamentary group the problem is not lack of influence, but rather the reverse. Group leader Niels Helveg Petersen comments on the negotiations in an interview on the next page. What he does not say is that it caused the Radicals major problems when, during the negotiations, there was a strong disagreement among the coalition parties.

The Radicals must have several clear concessions each time a financial austerity agreement is reached. If one of them this time would be to eliminate qualifying days for sick pay, it would not help them if CD supported this idea in advance. In addition, the initiative to raise the sales tax by 1 percent was psychologically wrong in a situation in which consideration had to be given to public employees. A 1.5-day discussion on a 0.5-percent increase in the sales tax was absurd in the overall picture.

All in all, it was more difficult than expected to gain a majority for the Easter package--and it was rather remarkable that the prime minister confirmed that fall elections could be possible. After three economic initiatives in 1 year, some signs of erosion may be seen. The government is standing at the crossroads, where it must choose between radical reforms and fall elections.

## Christian Party Reportedly Frustrated

Copenhagen BERLINGSKE AFTEN in Danish 4-10 Apr 86 p 3

[Article by Solveig Rodsgaard]

[Text] The unrest in the Christian People's Party continues. Member of parliament Arne Bjerregaard still does not hesitate to vote against proposals from the coalition government. Even though, in his opposition to the energy tax proposal in the Easter package, he nearly created some parliamentary problems for the government because of a technical error during the negotiations. In addition, Arne Bjerregaard believes there are "tactical considerations" behind Prime Minister Poul Schluter's promise to give the Christian People's Party two cabinet positions if the coalition government wins the next elections. In this way, the prime minister would force the Christian People's Party to be part of that government.

Arne Bjerregaard's solo appearance during the third reading of the energy tax proposal resulted in his being dismissed as his party's spokesman on tax issues. The party chairman, member of parliament Flemming Kofod-Svendsen, was extremely disappointed that the Christian People's Party was divided on this important vote. The proposal was approved (by 58 votes to 57) only because Oli Breckmann of the Faroe Islands voted with the government. The reason for this drama was that a technical infraction during negotiations caused the nonsocialists to come up one vote short. This issue has prompted much reflection among the government and the coalition parties, since it shows how vulnerable the coalition is if there is the slightest hitch among the parliamentary groups.

[omission] Then politics is simply a commodity and I do not want to participate in that."

### Regrets

Party chairman Flemming Kofod-Svendsen regrets the situation.

"I believe that Arne Bjerregaard has done some good work in the various parliamentary committees, but it is always a burden and unpleasant for the party when the parliamentary group is divided and different positions are taken. We have seen other examples of this among the Social Democrats, for example, with Robert Pedersen's position on security policy and the way Jens Risgaard Knudsen and Karl Hjortnaes voted on the tax reform. I do not want to make a personal attack on Arne Bjerregaard, but of course there is no doubt that I believe it was extremely unfortunate for us to be divided on the energy tax proposal."

Are you satisfied with the agreement you have made with the prime minister concerning an extra cabinet position after the next elections?

"I am happy that the debate over one or two cabinet positions for the Christian People's Party has been ended by a clear statement by the prime minister. It

is always foolish to leave things uncertain. Now we know that after the next elections we will have two cabinet positions, if the present coalition continues. Of course, I would have been much more satisfied if it had occurred now. Since this could not be done, I am happy that the issue has been put to rest. We need not enter into new negotiations after the next elections. The uncertainty has been removed and I am happy for that."

[omission] . . . meeting on 15 March and the Executive Committee voted to let the party continue in the government, in part because it would have more influence in the government than outside the government.

It is a fact, however, that there are sometimes communications problems between hard-working Environmental Minister C. Christensen and the four remaining members of the parliamentary group--Jens Steffensen, Flemming Kofod-Svendsen, Arne Bjerregaard, and Inger Stilling Pedersen. There are many people at Christiansborg who believe that C. Christensen is not even interested in gaining another cabinet seat for the party.

Thus, with Arne Bjerregaard going his own way, the rejected demand for two cabinet positions here and now, and the parliamentary group's position toward the environmental minister, there will be much to discuss at the party's upcoming congress on 25 and 26 April Kolding. The motto of the congress will be "Firmness Yields Action." The congress will take up and approve a new program of principles.

#### Difficult Battles Ahead

Copenhagen BERLINGSKE TIDENDE in Danish 1 Apr 86 p 6

[Article by Carl Otto Brix]

[Text] The many austerity measures that the government has been forced to implement in order to save the economy have taken a high toll on cooperation within the government.

The government is in a weaker position, as it faces the last 2 months of work before this session of parliament is over--presumably by or shortly after Constitution Day on 5 June.

The referendum on the EC package and the reshuffling of the government gave an impression of a strong and efficient government, but the Easter package revealed its weakness, when it had to call in Oli Breckmann of the Faroe Islands to save the day. Without his vote, the energy taxes in the package would have been defeated and the government would have fallen.

Thus, the coalition government has its problems even on economic policy where, in the past, it has been able to secure a majority and chalk up some victories.

A single renegade such as Arne Bjerregaard of the Christian People's Party is enough to bring the government to the edge of the abyss--and this can happen again.

It could happen as early as next month, when there will be a new evaluation of energy prices and the exchange rate of the dollar.

If there is a sharp drop in energy prices and the exchange rate, as there was between December and Easter, there will be another adjustment and the cohesion of the coalition government will be tested once again.

It has already been tested quite severely since September 1982.

The situation is worst for the Center-Democrats, who have seen little of their politics implemented and have had to pay a high price for cooperation in the form of lost seats in parliament. On the other hand, the party has held its head high, even though it is the only coalition party that has lost a cabinet seat.

This has created a little more balance between the number of seats held by the participating parties and their number of cabinet posts, but the imbalance will hardly be corrected until after the next parliamentary elections, which the prime minister would like to postpone as long as possible in the hope that the balance of payment figures will improve.

It has not been easy to change the distribution of cabinet posts among the nonsocialist parties since they took power in September 1982. After all, this distribution was a prerequisite for the coalition and changing it is no simple matter.

The second coalition party that is having difficulties is the Christian People's Party. This is not due to Arne Bjerregaard alone. The party gained support in the January 1984 elections and believes it should receive an additional cabinet position. The party is not satisfied by the fact that C. Christensen actually holds two posts.

He is both environmental and Nordic affairs minister. Now the prime minister has promised that the Christian People's Party will have two ministers in the next government, regardless of how many seats the party holds.

This is assuming, of course, that the coalition wins the elections.

The Liberal Party, which began the coalition government with as many seats in parliament as the Conservatives and whose chairman, Henning Christoffersen, had more members of parliament supporting him as a candidate for prime minister than Poul Schluter had, has held onto its eight cabinet positions, but the coalition has certainly taken its toll on Denmark's Liberal Party, as well.

There has been a slight shift, in that the cabinet positions held by the Liberal Party today are hardly as important as those the party had when the government was created. In fact, if Poul Schluter alone had reshuffled the government last month, this shift would have been even greater. But Uffe Elleemann-Jensen held firm.

Thus, these changes will occur after the next elections, at the earliest.

The Conservative Party and its leader are the clear victors in the power struggle on the nonsocialist side, but continuing to govern is not enough.

The voters must be convinced that this is a government that produces results. Otherwise, why should they vote for it?

For this reason, the prime minister brought in some technocrats from outside to solve specific problems and he decimated the importance of knowing the art of politics.

He brought in a culture minister who will end the monopoly of the Danish Broadcasting Company.

He brought in an industry minister who must increase exports.

He brought in a labor minister who must keep wage increases as low as possible in the upcoming negotiations.

But some of the old guard must also demonstrate results.

The transport minister should reach an agreement with the Social Democrats concerning a bridge over the Great Belt.

The social affairs minister should reach an agreement with the Radicals on a partial pension plan.

The agriculture minister should implement modernized agricultural legislation.

Most of these political changes should be complete before the summer recess. If this occurs, it should overshadow the government's constant defeats in the area of security policy. These defeats will continue until and after the summer recess, unless the government manages to reach some form of unity in the interim Security Committee.

But that would require a miracle.

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## ZEIT EXAMINES PROBLEMS, OPPORTUNITIES OF LABOR UNIONS

Hamburg DIE ZEIT in German 2 May 86 pp 17-19

[Article by Erika Martens: "In Search of Solidarity"]

[Text] Ernst Breit, chairman of the German Labor Union Federation (DGB), can present a proud picture on Labor Day: "The number of members keeps growing, shorter working hours were implemented, the counterattack against Bonn impositions has assumed impressive proportions, unity in the DGB has rarely been stronger--the German labor movement is in good shape."

At first glance the DGB chief seems to be right. Although it may sound strange, the dispute over the so-called strike paragraph 116, the conflict over the revision of the Employees' Representation Act, the battle against decreases in social security and the struggle for the 35-hour work week have given a new impetus to the labor unions. Of course, their opposition to the Federal Government and employers was not always successful by far. But the leadership's reawakened readiness to do battle mobilized organized labor to a much greater extent than even experienced functionaries had considered possible.

From this aspect, the labor organizations have every reason to be grateful to Helmut Kohl and his team. It was their policy of confrontation with the labor unions that brought the drowsy giant back to new life. The success is measurable: despite continuing high unemployment, and despite the embarrassing problems with the union-owned construction firm Neue Heimat, for the first time in 4 years the DGB reports an increase in membership for 1985 (see Table). According to figures as yet unpublished, the Metal Workers Union in particular enjoys increased membership, the union which, together with the Printing and Paper Workers Union, was in the forefront of the week-long battle over the 35 hour work week, and which is also in the center of the dispute over Paragraph 116.

But there are voices warning against too much euphoria. CDU politician Kurt Biedenkopf, one of the few CDU people knowledgeable about the labor union scene, believes that the new solidarity which fell into the labor unions' laps because of the policy of the Federal Government, "has already crumbled." And Guenter Doedding, chairman of the Food and Restaurant Workers Union, points out in a book on "New Tasks of the Labor Unions" that the members are not ready for permanent mobilization. Doedding's

conclusion: "They expect conflict-solving results, a 'better' rather than a 'different' society."

But conflict-solving results are not on the horizon at present. It rather seems that the labor unions are simply the beneficiaries of the general upward trend of the economy and of the conservative policy of the Christian Democrats and the Liberals, which so far evidently has not damaged their organizations; on the contrary, it produced a higher standing among their own ranks and a new solidarity. Will they succeed in using this solidarity movement in the resistance against a contentious government and uncompromising employers?

Heinz Oskar Vetter, who headed the DGB for 13 years, once summarized his experience in one sentence: "Grandpa's union dies every 10 years." It will take several years to know whether the labor movement has really come back to new life through the strike for the 35 hour work week almost 2 years ago. The Metal Workers Union, at any rate, is convinced of it.

Outwardly, optimism is unbroken, but in inner circles, functionaries and social scientists at present discuss worriedly the future of their organizations. One of them says, "we still haven't found the answers to pending problems. And the conflict with the Federal Government leaves no room for other important subjects." Although there are a great number of them.

Young workers, women and white collar workers still keep their distance from labor unions; the consequences of new technologies must be dealt with; changes in the work place must be taken into account through other forms of wage policy. The proof of the unions' serious concern about the lack of young members came from Ilse Brusis, in charge of young union members on the DGB executive board, when in the fall of 1985 she went public with a sensational study by the Goettingen Sociological Research Institute. The study comes to the conclusion that the young generation predominantly considers labor unions as necessary, but has a decidedly skeptical attitude toward the "bureaucratic, anonymous apparatus" when it comes to their own commitment.

True, in recent times individual organizations have been able to register an increase in young members. The Metal Workers Union, for instance, which lost over 55,000 members under the age of 25 between 1981 and 1984, partially made up for the loss with an increase of almost 26,000 (6.1 percent compared to 1984) in 1985. The Chemical Workers Union proudly points to a 5.5 percent increase of young members. But the overall balance sheet remains negative so far.

Klaus Loehrlein, a member of the DGB, warns urgently of the consequences of this abstinence by the young. Should developments of the past 2 years continue, he writes in the 1985 Labor Union Yearbook, the German labor unions are threatened by a "withering of their tree of life from the roots up."

Table: Membership of DGB Labor Unions 1985

(1) Mitglieder der DGB-Gewerkschaften 1985  
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DAG  
500 922  
+ 3 198  
(22) 

Deutscher Beamtenbund, (30. 9.)

(23)   
796 254  
+ 1 635

(24)   
Christlicher  
Gewerkschaftsbund  
347 075  
+ 746

Land- u. Forstwirtschaft  
Gew. Gartenbau  
(-2.1)

42 450  
+ 535

Gew. Kunst  
- 2 565

27 019  
- 48 725  
140 725  
163 590  
194 020  
- 2 660

1 609  
416  
- 1 284

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The labor unions also have problems with women, who have always played the role of wallflowers in the history of the German labor movement. Although they now constitute over 23 percent of the DGB membership, so far their colleagues deal only reluctantly with their specific interests.

But not only young people and women need greater attention by the labor unions if they do not wish to lose their claim of speaking for all dependent employees. The changes in the economy, which is developing ever more from the old industrial society to a service society, also lead to shifts in the employment structure.

Traditional sectors such as the steel industry and ship-building, once the driving forces of the economy, have shrunk to insignificance during the past decade. Since 1978, the number of workers in both sectors shrank by 18 percent each. The glorious times of the textile and construction industries are also a thing of the past. At the same time, the proportion of production workers in enterprises has also dropped, while coordinating, planning and administrative activities, usually carried out by white collar workers, have increased. Even today, traditional labor activities are less than 50 percent; in 20 years, their share of the work volume will have dropped to about one-third. The social basis which helped labor unions gain prominence in the past, i.e., skilled workers and qualified trainees in production, will become smaller in the future. Instead, there are new groups needing collective protection--the many employees who have not yet found a home in the old labor movement still anchored in 19th century thinking.

True, in 1985 about 1.7 million employees paid membership dues to one of the 17 sister organizations in the DGB, and another 500,000 were represented by the German Employees Union (DAG). But in view of the employment structures, these figures are meager. Today, the DAG has only 40,000 more members than at the beginning of the 60's. During the same period, the DGB organizations can report a modest success, a membership increase of not quite 1 million employees. Yet the composition of its membership still reflects the employment structure at the beginning of the 50's. At that time, employees constituted 23 percent of all wage earners, while it has now almost doubled with about 44 percent.

Siegfried Bleicher, responsible for employee policy on the DGB executive board, expressed self-criticism in the fall of last year, attributing the fault of this unfavorable state of affairs not only to the conservative attitude of white collar workers, but also to deficiencies in labor union work. The omissions of the past are to be remedied now with a broad-based advertising campaign. By 1990, Bleicher announced, the DGB hopes to represent 2 million white collar workers, that is 300,000 more than at present.

There are still those more privileged employees who, in research and development, in editorial offices and administrations, can make more independent decisions about their work and working conditions than an

assembly line worker. But the greater number of office jobs, through introduction of performance control and increasing division of labor, are made more and more efficient and are managed from outside.

Meanwhile, almost all individual labor unions in the DGB are trying through their own strength to raise the potential neglected up to now. The Chemical Workers Union, in whose organizational area the ratio of white collar workers is traditionally higher than in other industrial sectors, at present is trying to push through a joint collective wage agreement for workers and employees in order to reduce the differences between wage earners which became an anachronism long ago, to reduce group egotism, and to be better able to follow through in the interests of all wage earners. The Chemical Workers Union even wants to approach mid-level management which, up to now, practically is not represented at all in the labor unions.

Economics Minister Martin Bangemann stated at the opening of the Cebit fair for office, information and communications technology in Hannover, that in the next 5 years about 13 million people, or almost half of all wage earners, will be touched in one way or another by microelectronics. Whether the technical revolution destroys jobs or creates them--that point is still being debated by scientists and politicians, employers and labor unions. But that it places different demands on wage earners and thus is changing the structure of the work force--on that, there is agreement.

Wolfgang Lechner of the DGB Economic and Social Sciences Institute, in an article for DIE ZEIT, described the consequences of this change and the resultant effects on the work of labor unions. Lechner is not alone in his analysis. Like him, many other scientists come to the conclusion that within enterprises, beyond the traditional division between workers and white collar employees, new groups are forming: a stable core of permanent workers with broad industry-specific qualifications is complemented by a marginal group of workers with narrower qualifications. Permanent workers have full-time working hours, are permanently employed, enjoy continued education measures within the company, and have the chance to get ahead. This group includes skilled labor as well as technicians and administrative specialists.

One group of the marginal staff, also employed full-time but with less training, assumes office and production activities, and sometimes control and test tasks. The second group of the marginal labor force, mostly part-time workers and employees with limited contracts, is called in for support if the order and sales situation requires it.

#### Individualism is Growing

The third group of co-workers is not actually a part of the enterprise. Most of them are employed by subcontractors or leasing firms, or are a part of the ever-growing number of self-employed who sell their talents to individual enterprises without being employed by them and without receiving the social security of staff membership in the firm.

These developments, which are only beginning in Europe, are already clearly discernible in the United States and Japan. In both countries they brought about the decline of labor union power, since only the core labor force and a part of the marginal staff fit so far into the organizational structure of labor unions. In addition, the number of small and medium-size enterprises is growing. But the labor unions have always had difficulties in recruiting members there. The staff is closer to the enterprise, and joining a labor organization takes courage and conviction because the protection of the collective is missing. In many of these enterprises today, the bodies representing interests do not even manage to get enough candidates for an employees' council.

But it is not only the changes in industry and work content which curtail labor union power. Collective representation of interests overall has become questionable for many. Parties and associations complain more and more about a lack of acceptance. Social scientists attribute this to the growing tendencies toward individualism. More leisure time in past decades brought with it a growing need for self-determination.

But so far, the labor unions hardly take into account the demands for individual working hours and greater self-determination which accompany the technical revolution. Social Democrat Peter Glotz asks, for example, why working hours absolutely have to be between Monday and Friday? Glotz imagines easily that larger groups will form who "voluntarily will work over the weekend and have half the work week off instead; who will work 60 hours per week for half a year, and have the other half off; who want part-time work, because a higher quality of life is more important to them even at half-pay."

The Social Democrat is of the opinion that it would be wrong to disparage such wishes for flexibility and to push individualists "into animosity against labor unions." The "tendency to individualize work, work time, and the wage earner in his job and his enterprise," reasons Glotz, on the contrary must be "balanced by a corresponding individualization of the labor union and political interest offers within the strong embrace of the organization."

Kurt Biedenkopf also admonishes the labor unions "to recognize the trend toward individualization among wage earners." The chairman of the North Rhine-Westphalian CDU predicts that employees' organizations "will become obsolete" if they do not manage to take this step. But this is definitely not in the interest of society, its politicians and entrepreneurs. The decline of large organizations could be utilized by radical groups in order to take them over and create British conditions with permanent strikes in the up to now relatively peaceful social scene in the FRG. Biedenkopf concludes that the labor unions must "create conditions which provide the work force with protection and security without hamstringing them to the point where they can no longer think independently."

### Lacking Social Contacts

The many demands made on them requires great expert knowledge of labor union officials and a great potential of unpaid functionaries. Munich social scientist Burkhardt Lanz thinks that such unpaid functionaries, who must be present in the enterprise and on the job, "are the ideal mediation agency between the more or less professionalized party and labor union central offices on the one side" and "the mass of labor union members, at best only sporadically active," on the other side. Furthermore, unpaid functionaries are the reservoir from which full-time functionaries are recruited.

The social "native soil", in which the labor unions were rooted once upon a time, no longer exists. Although until the middle of this century industrial labor had often been physically more strenuous, and working hours had been longer, plant processes largely had not been as efficient and "nonporous" as they are today. There had been more room for social contacts. Those contacts in the factory were frequently continued during leisure time, since workers' apartments generally used to be concentrated in certain suburbs or housing settlements. There, "dense networks of mutual help" grew up, "whose functioning was almost indispensable if the average worker's household was to get by economically."

The leadership function within and outside the factory was usually assumed by the skilled worker. His honorary functions gave him the chance to rise above his own social background, a chance which he would hardly have had otherwise. Nowadays, qualified skilled workers have many other opportunities to rise to more exacting jobs through continued training. For this reason, it is becoming ever more difficult for the labor unions to find colleagues who maintain contacts between the organizational leadership and the factory grassroots, transmit the wishes of the workers, organize labor union activities in the enterprises, and thus provide new members. But the very changes of working conditions due to the new technology require an army of available representatives in the enterprise.

Despite all of these problems, the German labor unions do not want to prevent technical change. They have never wanted it, ever since in the early 1950's they made a temporary peace with the social market economy; a peace which still exists. "I believe," says Hermann Rappe, chairman of the Chemical Workers Union, "that the strength of the national economy depends on further technological development. And I see no possibility to resign from the international competition of this technological development. We must not even attempt it."

Rappe and his labor union belong to the more moderate wing within the labor union spectrum, but in principle even the more combative organizations such as the Metal Workers Union and the Printing and Paper Workers Union agree with this creed. The motto of the 17 organizations united in the German Labor Union Federation reads, "make technology social." To overcome these problems, they have developed programs and papers,

principles and action directives, as they have for many of the other unsolved issues. But implementation is still in "infant's shoes," as social scientist Klaus Schoenhoven summarizes.

It is said that those who are pronounced dead live longer. Theo Pirker, labor union man and critical observer of his colleagues, predicted the "end of the labor movement" as early as the 1960's. FDP politician Ralf Dahrendorf enlivened the debate almost 2 years ago in an article for DIE ZEIT with the hypothesis that labor unions had no future because they no longer "represent those societal groups or economic forces which embody the future." And even leftist philosopher Andre Gorz believes that "the labor unions are losing their grip on the working force."

German labor unions still have a chance to prove wrong the prophets of their demise. At the least, they are evidently aware of the danger. And the sad examples of labor unions in other countries could speed up the process of rethinking.

9917

CSO: 3620/688

## PEACE MOVEMENT CHAIRMAN RUOKOLA: 'GERMANY' REMAINS THREAT

## USSR Pact Still Relevant

Helsinki UUSI SUOMI in Finnish 6 Apr 86 p 8

[Text] Oulu (US)—"The most dangerous runners of the arms buildup are deeply entrenched in German politics and German soil in spite of the fact that the German peace movement and many important West German politicians as well are even now sincerely working as active champions of detente," said Finnish Peace Defenders chairman Matti Ruokola in his opening address at the Peace Defenders congress on Saturday in Oulu.

Citing a section written into the Friendship, Cooperation and Mutual Assistance Pact on a threat to world peace emanating from Germany, Ruokola felt that the agreement concluded in the 1940's is still of current importance in all respects. He regards the threat posed by Germany to be of importance today because the Federal Republic of Germany is an established part of NATO.

## Vayrynen Did Not Comment

Foreign Minister Paavo Vayrynen did not wish to comment on Ruokola's claims that the Federal Republic of Germany is a threat to European security.

"I don't know what Ruokola said and, even if I did know, I wouldn't comment on it," Vayrynen stated curtly.

The chairman of the Parliamentary Foreign Affairs Committee, party secretary Erkki Liikanen, was not exactly close-mouthed, but he did not want to comment on Ruokola's views on Germany.

"Our position on the United States' star wars plan has been a negative one and joining the other NATO member nations is a serious matter. Ruokola obviously made his speech as the chairman of a civic organization; so I would not like to have any more than this to say about his opinions regarding Germany," Liikanen said.

Paasikivi Society chairman Jaakko Iloniemi was cautious too.

"I'd like to see Ruokola's entire speech. Voicing an opinion on statements is reckless since things may have been removed from their original context. Under the circumstances, I didn't comment," Iloniemi said.

#### Kekkonen Line Forgotten

Helsinki UUSI SUOMI in Finnish 7 Apr 86 p 10

[Commentary by Martti Haikio]

[Text] "I don't know what Ruokola said and, even if I did know, I wouldn't comment on it," Foreign Minister Paavo Vayrynen said of the views of general manager Matti Ruokola, the chairman of the Finnish Peace Defenders. No one else appears to be willing to comment on Ruokola's thoughts either.

Is there something wrong with Ruokola or with the views he has expressed, since they do not seem to have given rise to discussion? Probably with both.

Ruokola's pattern of thinking follows a specific line of reasoning: In the Finnish-Soviet Friendship, Cooperation and Mutual Assistance Pact there is mention of a threat coming from the direction of Germany or nations allied with it. Since Germany continues to be a member of NATO, when Germany arms itself, that constitutes a threat; therefore,....

Ruokola, of course, leaves the rest unsaid. According to his line of thinking, we should proceed as we did in 1961: That is, the Soviet Union should send Finland a diplomatic note and invoke the Friendship, Cooperation and Mutual Assistance Pact. Ruokola is presenting the Soviet interpretation of the situations in Central Europe and the world.

Matti Ruokola and the Peace Defenders do not follow the Kekkonen line in their political views. As we well remember, Kekkonen rejected a proposal for consultations in the Friendship, Cooperation and Mutual Assistance Pact. He pursued a neutrality policy line for Finland, one based on Finland's own interests and which also took into consideration the concern expressed by the Soviet Union.

#### Ruokola Defends Comments

Helsinki UUSI SUOMI in Finnish 8 Apr 86 p 7

[Article by Timo Lipponen: "Matti Ruokola on the Hazards of Foreign Policy: 'We Have the Right to Raise Our Finger in Warning'"]

[Text] "We have the right to raise our finger in warning against Finland's foreign policy."

This is how Peace Defenders Ltd chairman Matti Ruokola justified to UUSI SUOMI the vehement speeches made by his organization at the end of last week and its positions on the threat posed by Germany and Finland's attachment to the West, among other things.

On Monday general manager Matti Ruokola, the chairman of the Finnish Peace Defenders, was in his own words surprised at the critical reception the Oulu congress received in the press.

"We have always been labeled. It has been claimed that our organization is an arena for the Communists. This is, however, not true," Ruokola said.

He assured us that the organization supports Finland's foreign policy in its entirety.

#### No Stance on Afghanistan

Then can the Peace Defenders take a neutral stand on the actions of both the East and the West?

"That depends on how purely cultivated a neutrality you mean....

"We cannot, of course, be neutral on questions of war and peace," Ruokola replied.

He admitted, for example, that they have not adopted positions on issues like Afghanistan, although peoples' right of self-determination is indeed an important issue.

#### The German Threat and the Eureka Solution

The United States' SDI (strategic defense initiative), or the so-called star wars plan, is, in Ruokola's opinion, a threat to Finland, especially because of West Germany's favorable reaction to it.

Ruokola denies that he was hoping for military negotiations with the Soviet Union when he warned that the vision of a German threat mentioned in the Friendship, Cooperation and Mutual Assistance Pact is still relevant.

"Of course, we are realists, which is why we lay emphasis on the national agreements we have concluded. In connection with this, the Friendship, Cooperation and Mutual Assistance Pact arises as an especially important factor."

Finland's departure for technological cooperation with the West in the Eureka venture also worries Ruokola. This is why he wants "our foreign policy leaders to maintain a higher profile" and why he raises his finger in warning lest this might only be dragging Finland along [with the West] against the socialist countries.

#### Relations with the Soviet Union Have Divided the Organizations

The Finnish Peace Defenders Ltd's policy does not appeal to the Finnish Peace League, which recently made a final formal break with its cover organization, the Finnish One Hundred Committee, which belongs to the Peace League, also advocated this decision.

It appears that relations with the Soviet Union have finally driven the Finnish peace movement into a split.

"A member of the World Peace Council, the Peace Defenders never criticizes the Soviet Union," Peace League chairman Goran von Bonsdorff portrayed the ideological differences of the organizations.

Bonsdorff did not, however, exclude cooperation with the outside world. He noted that the International Peace Agency, which operates in Geneva, will in future serve as the Peace League's cover organization. This Western peace movement feels that they should also be able to criticize the occupation of Afghanistan.

#### "Pulling the Rug Out from Under Misconceptions"

Activist Erkki Tuomioja of the One Hundred Committee, which is connected with the Peace League, hails the separation from the Peace Defenders with satisfaction: In future, for example, it will no longer be uncertain as to who represents whom. The umbilical cord to the World Peace Council, which rouses suspicions in the West, has now been cut.

"The World Peace Council is indeed an instrument of Soviet foreign policy," Tuomioja noted.

And how does Tuomioja's position differ from Ruokola's with respect to "star wars"?

"We are of the same opinion on the threat posed by the SDI, but without needing to involve the Friendship, Cooperation and Mutual Assistance Pact in the matter."

#### Conservative Paper: Remarks Unfounded

Helsinki UUSI SUOMI in Finnish 11 Apr 86 p 2

[Editorial: "SDI and Friendship, Cooperation and Mutual Assistance Pact"]

[Text] The United States' strategic defense initiative (SDI) is a dangerous new additional step toward the militarization of space. The Federal Republic of Germany's participation in the venture as a NATO country will not check its advance, on the contrary.

Connecting the SDI with "the portrayal of a threat in the Friendship, Cooperation and Mutual Assistance Pact" as Finnish Peace Defenders chairman Matti Ruokola did at the end of last week in Oulu is, however unfounded. Not even in their own official statement have the Peace Defenders suggested this connection, nor Soviet Ambassador Vladimir Sobolev at the press conference he held in Helsinki.

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CSO: 3617/97

POLITICAL

GREECE

ECONOMIC REASONS SEEN DICTATING GREEK-TURKISH RELATIONS

Athens I KATHIMERINI in Greek 11-12 May 86 p 16

Article by R.S.

Text Paris--If Reagan and Gorbachev can meet with the hope of attaining some sort of detente, why do not Greece and Turkey begin a dialogue to settle their differences and to decrease their ruinous defense expenditures?

This question was recently raised by Prof Angelos Angelopoulos in an article in the French journal REVUE DES DEUX MONDES. He noted that present defense expenditures of the two countries explain the 20 percent inflation rate in Greece and the 40 percent rate in Turkey, the rise in unemployment, the constant increase in the balance of payments deficit and a foreign debt that represents 40 percent of national revenues.

Such an agreement, Mr Angelopoulos adds, presupposes, of course, the recognition of the irrevocability of frontiers with international guarantees --primarily a guarantee by the United States. An improvement in relations would result in the "freezing" of defense expenditures and their gradual reduction, a drop in the anti-American movement (that would permit the retention of the bases), progress in settling the Cyprus problem and the joint confrontation of the debt settlement.

Turkey and Greece, the former National Bank director agrees, must pay off three-quarters of their debt in the next 5 years, i.e. 15 billion dollars by each country, something that would destabilize their economies. The solution: a 5-year postponement --with the servicing of the debt interest, however, after an agreement on the international level and with the assistance of the United States.

All of this, however, presupposes detente and understanding that could begin with a careful study of Mr Angelopoulos' proposals.

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## CONFLICTING OPINIONS ON PAPANDREOU'S PRC VISIT

## Results Seen Insignificant

Athens EMBISTEVTIKO GRAMMA in Greek 9 Apr 86 p 3

[Text] The results of Premier Papandreu's visit to China, which reliable diplomatic observers characterize as a "visit of expediency" for "internal consumption," are expected to be poor from an economic and political point of view.

The same observers feel that in the economic sector improvement of Greek-Chinese economic relations will be marginal since the relevant framework has already been in existence since Karamanlis' visit there in November 1979 without achieving the anticipated results. It should be noted that our exports to the People's Republic of China (mainly in steel rods for industrial use, asbestos, fertilizers, leather and furs) reached just about 38 million dollars and our imports about 20 million dollars.

According to the same circles, the opinion of the Greek politicians and businessmen on the possibility of exports and investments in China is not new and is based on the impression that China continues to be a backward country. Diplomatic observers point out that China may continue to have a low standard of living but, as changes in its domestic economic life show, it is well aware of imports and investments it needs.

These observers say that China's opening to the West may have been achieved at an impressive rate but also on the basis of prudent planning which provides on the one hand imports of know how, fertilizers, etc., for the agricultural sector and on the other hand, the provision of large capital, compulsory state participation, imports of high technology and reciprocal duties (investments) in the industrial sector.

In the economic sector, Papandreu's much-advertised visit is not about to create new exports of agricultural products to China (which is already self-sufficient except in tobacco) and will not easily lead to development of joint ventures.

But, in the political field also, no impressive results are expected. China, which maintains excellent relations with Turkey (President Evren has repeatedly visited Peking and Li Xiannian has visited Ankara), for years has supported Turkish positions on the Aegean issue (continental shelf) as well as those on the Cyprus issue even though it voted for the Republic of Cyprus for the first time last year.

China is also against the Greek government's views on the "pro-peace" policy of the USSR and does not think Greece can presently play a strong role in the EEC area in which it is interested and for which it has developed close relations with Italy, England, France and West Germany.

In any event, according to the government, the opening to China was necessary for the exact purpose of "freezing" somewhat good Chinese-Turkish relations and for improving PRC-Greek relations.

Therefore, from a diplomatic point of view, the contact was useful. What is questioned is why the premier should be accompanied by 140 persons.

#### Effect Seen Positive

Athens I KATHIMERINI in Greek 13-14 Apr 86 pp 1, 14

[Article by Nik. Nikolaou: "Deng: NATO and EEC Guarantees for Greece"]

[Text] Independent observers say it would be childish to consider a trip to Peking--not unusual in the past--as an initiative on the part of the premier with an aim at impressing the public. Not only is such not the case, but a more careful analysis will convince us that Papandreu's opening to China helped to consolidate the delicate handling and gradual readjustments being attempted recently in the government's economic crisis, the depth of which diminishes PASOK's power.

The abominable assassination of Dim. Angelopoulos by the so-called protectors of the people's interests not only is not about to impede progress in these re-adjustments, but on the contrary, probably could hasten them since the government now needs more than ever to demonstrate a robust authority.

This readjustment in foreign policy will take place as fast as the premier better understands the principle Karamanlis applied, according to which a small country like Greece, which finds itself in a critical geopolitical cross-roads, must have excellent relations with all superpowers, keeping at the same time its distance from the sharp issues of their competition.

A second principle is that these good relations do not contradict nor are they in conflict with the induction of our country in broader politico-defensive and economic bodies such as NATO and EEC.

The precious experiences from the Peking visit should convince the premier of the value of these principles and of the opportunity he now has to enforce a really independent and multi-dimensional policy, thus enjoying the esteem and friendship of all superpowers without at the same time endangering for a moment allied ties which safeguard the country's independence and territorial integrity.

#### Foreign Policy Axes

Indeed, these possibilities do exist given that Greece can offer to each one of the superpowers "precious gifts!" For instance, Papandreu today:

--Can give the Americans what is precious to them--the renewal of the bases' agreement, enuring at the same time the well-meant defensive and economic interests of our country.

--Can tell the Soviets of his decisive contribution to the international initiative of the six states for peace and disarmament. It is about a gesture which is appreciated particularly by Moscow whose problem naturally is not the American bases in Greece but the arms race with the U.S., a race which overwhelmed its economy and makes its people poorer every day.

--Can support the Chinese in their policy against hegemonism by the U.S. and the USSR.

Papandreu's goal seems to be the development of a foreign policy on these three axes and it is certain that, if his future course is responsible and his actions and words are measured and serious, he will, indeed, be able to persuasively claim that he practices a multi-dimensional foreign policy, the implementation of which will lead the country in the correct direction Karamanlis had charted.

Independent observers, assuming that the readjustments in foreign policy will take place normally and there will not be retrogressions dictated by PASOK's narrow party interests, point out that the trip to China was a very successful mission which well served national interests while it opened up hopeful prospects for the economy. These independent observers point out that the positive points of the trip can be pinpointed to the following sectors:

1. It was very useful to meet the new Chinese leadership which heard first hand (in the 1979 visit by Karamanlis contact was made with a leadership which today is ousted from the party) Greek positions on the critical problems of our country (the Aegean, Greek-Turkish differences, Cyprus issue). Of course, China is not yet a superpower by American and Soviet standards but its vast area and large population are dominant in the world and its influence in international issues is increasingly growing.

And the premier's assessment that China will soon be the main axis of international life is perhaps not wrong. Therefore, it was necessary to develop relations with China through high-level contacts. Moreover, this trip was indispensable in order to counterbalance the visit Turkish Premier Ozal made to Peking in July 1985.

#### **Peking's Positions**

Of course, the Chinese leadership did not support the Greek positions and an official statement was not heard from Peking about the Cyprus and the Aegean issues. But the same was the case with Ozal. Anyway, this does not mean that the Greek-China contact was not useful or profitable. First, it is not possible to demand or to expect that everyone should share our position and second, neutrality is already a plus compared to animosity. Besides, we must not forget that China especially appreciates the fact that Turkey shares a long border with Russia.

2. Papandreu's contacts with the Chinese leadership must have convinced him once more that he did very well when he abandoned in time the slogan, "NATO and EEC are the same syndicate."

Just as many years ago, Mao had surprised the Italian Foreign Minister and Socialist Party Chairman Petro Nenni when he recommended to him: "For God's sake do not get out of NATO because the Soviet bear will swallow you right away." Now again the great leader and soul of the New China, Deng Xiaoping left Papandreu flabbergasted with his persistence and arguments favoring Greece's staying in NATO for its own security and for protecting the independence of Albania and Yugoslavia.

In principle, of course, China favors peaceful coexistence and is against bipolarism and military alliances. In practice, however, it formulates its foreign policy with realism which should impress Papandreu. The Chinese understand that the Soviet threat, which for them is apparent and real, cannot be neutralized with pacifist songs and platonic declarations. Thus, the Chinese are against any action which weakens NATO.

On the other hand, the Chinese believe the main obstacle to the hegemonic plans of the two superpowers is the political and economic integration of Europe. Therefore, they fully support the EEC and certainly Papandreu is thought highly of in Peking since Greece is an EEC member.

3. The trip to Peking helped Papandreu to distance himself from the Soviet Union and to improve his image in the West and the Third World. It is not accidental that, one day before arriving in Peking and while he was in Bangkok, Thailand, he denounced Vietnam's invasion of Cambodia. Nor is the fact without significance that the Chinese enthusiastically welcomed his denunciation of hegemonism by the two superpowers and his position on having the Soviet troops removed from Afghanistan.

4. In Peking Papandreu gained a precious experience. He found out what a free economy and private initiative can do in a few years. Indeed, as he himself has ascertained and as he found out from the data presented to him, the Chinese economy has marked a spectacular rise since 1979 when China's leadership opened its doors to the world. Since then and especially since 1982, there was an amazing growth which is reflected in the improvement of the standard of living and in the phenomenal production increase. In the past 5 years the national income increased at an annual rate of 10 percent and the so-called "consumer level of the people" increased at a rate of 7 percent annually.

These are the results of the "open door" policy the Chinese leadership under Deng Xiaoping implemented. This policy drastically limits the suffocating state noose, believes in individual property ownership in agriculture, handicrafts and services; in attracting foreign investments; and in the decentralization and decision-reaching process through the development of initiatives of the economic units and of the provinces. Deng's slogan, "become richer," now frees gigantic forces in the economy.

#### The Old Wise Man

Andreas Papandreu was greatly impressed by his talks with the 83-year old Chinese leader. Talking to Greek journalists he characterized him as "wise". What impressed him most? Deng's simplicity and depth of thought, coupled with the absence of any dogmatism. "We are not interested," he told Papandreu, "if the cat is black or white. What matters is that it catches the mice." Economic development without dogmatism! This is the message Deng imparted to the Greek premier and time will show how deeply he was understood by Papandreu who admitted to one of his collaborators: "How good it would be for Deng to come and speak this way to the members of PASOK's Central Committee."

5. Papandreu returned from Peking without any commercial agreement, nor did any of the 30 entrepreneurs who accompanied him bring back any signed contracts. Yet, from an economic point of view, the trip was successful. China is a developing country where our presence is necessary first, in order to maintain what we achieved to now (our exports from 19 million dollars in 1980 reached 65 million dollars in 1985) and, second, to set foundations for permanent stable development.

The Chinese appreciated the fact that Papandreu took entrepreneurs with him because they know it is these businessmen who will use to best advantage the political opening. On their part, the Greek industrialists had useful contacts with the Chinese and submitted proposals which, it is hoped, will be accepted. They are particularly satisfied that the Greek government has recognized their role by deeds.

In the success of these contacts credit should also be given to the right preparation by Foreign Trade Minister G. Katsifaras who came to Peking with a comprehensive plan which provided not simply an increase in our exports but a complete economic cooperation package with China so the latter will be able to buy Greek products.

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CSO: 3521/133

## PAPANDREOU'S ERROR IN RECOGNIZING SIDRA GULF'S TERRITORIALITY

Athens I KATHIMERINI in Greek 11 Apr 86 p 5

[Editorial: "Diplomatic Populism"]

[Excerpts] Up until now, Papandreu was confusing foreign policy with internal government propaganda. In other words, the main criterion of PASOK's diplomatic choices was the impact they could have on the internal political scene. Anti-Americanism and pro-Arabism are the two sectors where this policy literally reached its peak. It is a policy whose incredible conflicts will some day be a vital chapter in the great novel about PASOK irresponsibility and inconsistency.

It now appears that Papandreu takes yet another step less amusing than his past lionisms, but more dangerous than previous fallacies. As I KATHIMERINI reported yesterday, responding to questions by reporters on the recent clash between the U.S. and Libya, Papandreu branded the presence of the American fleet in the Sidra Bay as "a disaster of the international order" and as "a catastrophe of the concept of national sovereignty."

In other words, he recognizes the whole Sidra Bay as Libya's territorial waters, as its national area, and considers the presence there of foreign ships as intervention in the internal affairs of Qadhafi's country. Qadhafi, too, has the same opinion about the territorial waters of his country and about the ownership and...personal use of the gulf. And this view is his main argument when he forbade American ships to enter the gulf's waters.

In times past, this Papandreu statement too could be added to the confusion we referred to earlier between foreign policy and internal goals. It is a confusion which has been the backbone of his declarations on foreign policy during the 7-year period his party was the major opposition in the parliament and the basic trait of foreign policy he exercised when the people brought him to power.

Today, however, things are different and in many aspects, dangerous. It is impossible that Papandreu does not know how dangerous they are and how much certain things are sensitive! It is not possible he does not know what could happen if each government had the right to define, according to its own judgment, its territorial waters! Does he not by any chance perceive that such a thing could transform the seas into jungles? Does he not conceive what this would mean for coastal countries? Of course, he could not have forgotten that our country is a coastal one...with many and various problems, moreover.

Of course, no one has the right to doubt the premier's patriotism or to attribute to him a decreased interest in these problems or ignorance of their particularly sensitive aspects. But it seems that he cannot subdue his sentimental changes. (It is known that one can become a premier but he cannot change his character in the slightest.)

But it is about time for Papandreu, not to change his character--a thing impossible--but to face events with less sentimentality and with more responsibility. Let us limit the changes and inconsistencies to our internal affairs and ourselves. Let him stop confusing the external (affairs) with the internal ones.

Of course, the ideal thing would be to face our external affairs and to follow our foreign policy on the basis of a key direction which should not change when governments change and which should be absolutely divorced from our internal affairs. Unfortunately, in our country, where nothing remains outside the partisan arena, our foreign policy changes--in many respects at least-- not with the change in governments but occasionally with changes of cabinet members, if not of deputy ministers.

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CSO: 3521/134

## POLITICAL-ECONOMIC REASONS FOR ANGELOPOULOS' ASSASSINATION

Athens EMBISTEVTIKO GRAMMA in Greek 16 Apr 86 p 2

[Text] Dimitrios Angelopoulos' assassination by the "17th November" terrorist organization was not a chance case and responds both to an iron and totalitarian logic and to the fact that it contains very clear warnings and targets:

First, the press had taken care to destroy Dim. Angelopoulos' character and "Khalyvourgiki" in such a manner that his physical assassination almost appeared to be logical in the public's opinion.

Second, the advanced age of the assassinated industrialist adversely influenced public opinion to the point that it subconsciously thought: "No big deal; he was old; he had lived his life."

Third, with the assassination of Dim. Angelopoulos, who was known in foreign economic circles, the "17th of November" practically destroys any probability of cooperation between the government and foreign investors. This occurred exactly 1 month prior to the holding of an important investment symposium in Athens from which the government expected to derive great advantages.

Fourth, the assassination indirectly affects the relations between the government and industry and gives the pro-PASOK press the opportunity to abandon itself to a new anti-industry hysteria. This at a time when even New Democracy is clearly attacking industry, unwittingly perhaps.

Therefore, everything indicates that the Dimitri Angelopoulos assassination is a coverup for a diabolical plan to undermine the production process in order to eliminate any hope of recovery, to heighten social conflict and to bring about the kind of conditions that would destroy democracy. Contrary to what ND believes, the individuals who pull the strings of the "17th of November" have had a full dose of Marxism-Leninism. They apply it in the most cold-blooded and Machiavellian manner. Finally, we point out, for those whose heads are still in the clouds, that the destabilization of Greek society is being attempted at a moment when Greece is normalizing its position in the West. Who then are those who have every interest in hampering this normalization and preventing it from materializing?

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CSO: 3521/138

## NEW ORIENTATIONS OF FOREIGN POLICY

Athens EMBISTEVTIKO GRAMMA in Greek 9 Apr 86 p 4

[Text] The many recent events concerning international terrorism and the overall development in Soviet-American relations have persuaded Premier Papandreu that Greece has every reason and it is to its benefit to remain in the Atlantic Alliance and consolidate its position in the Western economic network. Yet, the premier, being a captive of his older slogans and declarations, is trying to find a way so that the revision of the government's foreign relations will be realized at the lowest possible domestic cost and with fewer losses in the sector of correlation of forces.

According to our reports, Andreas Papandreu will continue, within the NATO framework, his peace initiative and anti-nuclear declarations, not because he believes in them but because he is convinced that in this way he promotes the Alliance's orientation toward conventional weapons. Those acquainted with internal NATO procedures and developments know that, a few years ago, there was a broad discussion initiated within the Alliance on re-examination of the importance of strategic benefits as in the case of Greece.

Thus, the possibility is being studied of strengthening the Greek islands with sophisticated but conventional weapon systems so that, together with the areas of Thraki and the Straits, they will become a second line of defense in the Aegean.

According to recommendations made to Papandreu he could provide Greece with the chance of improving its position in NATO, an improvement he could later excessively exploit as an achievement. Thus, it is evident that Greece will change the goals of its foreign policy and will definitely abandon certain neutrality plans which were submitted to Papandreu.

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CSO: 3521/133

## PASOK'S REPORTED AMERICANOPHILE DISGUISE FOR ANTI-AMERICANISM

Athens POLITIKA THEMATA in Greek 4-10 Apr 86 p 25

[Article by Mikh. Melas: "The Prescription of the Americanophile Anti-Americanism"]

[Text] It is no more necessary to live in order to see it. We have lived and saw it. The place of the "close friend of the U.S." which in the past was held by the so-called Right (the Right together with the Center, that is) is now held by PASOK, the party of socialist Papandreou.

This is admitted even by PASOK followers who have every reason--at least until the municipal elections--not to have things come out clearly in the open but to let them appear as they are presumably to give the impression that nothing has yet been decided about the bases. After that, God is great...! Let the Greeks know the truth retroactively--as they did about "the step-by-step progress" last fall following the Schultz-Papoulias meeting.

There is not a trace of doubt that the sole problem for the juggler/diplomat of the third road philoamericanism is not how to accept or achieve the most absolute rapprochement with the U.S. but how to present it to his people in a way that will minimize their reactions and will present the renewed Greek-American friendship as a means for the unswayed completion of the socialist government reshuffling. Yet so skillful is the premier in presenting the positive as negative and the refusal as acceptance that we can rest unconcerned that he will somehow contrive something so that no follower of his will have any doubt that, for Greece, America is simultaneously the most hated enemy and the most insignificant and likeable enemy. And let everyone take his choice. Until then, let us pray for God's help.

For us it remains to confirm if our American friends--who on leaving Greece, promised attractive investments and refreshing cooperation in the economic and commercial sectors from this summer on--will be the first to keep their word. Or could it be that, depending on our behavior and after a grace period they expect us to prove our sincerity and good faith toward them beyond long handshakes, the premier's smiles and the charms of actress Melina?

One finds it difficult to join--because of realistic reasons perhaps--the overoptimistic applauders of the premier's political acumen who like to believe that when the time comes for the U.S. to ask for a renegotiation of the bases... then our counterclaim will be a strong and effective pressure by it on Turkey regarding the Cyprus and Aegean issues. Otherwise, the rift with the Americans will ostensibly be unavoidable...

I think the problem is dealt with differently from the viewpoint of time. The question which has not been answered is: which will come first, the chicken or the egg? Will our consent depend on the pressure the U.S. will exert on Turkey? Or will that U.S. pressure depend on our commitment on the bases? Because it will be too late if we wait until then.

As concerns PASOK's insinuation that, thanks to the government handling, Greece can now base its approval of Turkey's induction in the EEC on the initiation of negotiations on the Aegean and Cyprus issues, there is danger that if the insinuation persists even the most self-controlled person may explode! Because all the unacceptable accusations about a "sell out" Papandreu has uttered against Averof and Mitsotakis in opposing the principle of negotiations concerning the Aegean and Cyprus are well known. Even though ND supported the usefulness of such an approach, it always defended the view that Greece is not under pressure timewise and can comfortably wait.

When Karamanlis, with all omens against us, was negotiating our entry into the EEC, the political advantages were a top priority in his mind. He took into account both our European entity and our influence in the event Turkey asked for admittance. He also considered the possibility of Greece being the decisive factor in any decision of the 10 members concerning Turkey. It is for this reason, moreover, that Turkey strongly opposed (behind the scenes) Greece's induction. It was mainly afraid of Karamanlis' prestige in the European area and of the danger of its being left out of the EEC.

Therefore, it is nearly an absurdity to present now as a presumably successful PASOK maneuver that perhaps the Turks will now feel compelled to sit at a negotiating table after all PASOK exorcisms and damnations against ND.

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CSO: 3521/133

## IMPORTANT CHANGES FORESEEN WITHIN PASOK, ND

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 13 Apr 86 p 48

Article by Panos Loukakos/

Text A new political scenario is imperceptibly but surely being hatched. Both PASOK and ND are on the threshold of major political choices that will set their stamp for years to come. Internal workings that at this time are in a process of development in all political areas are not yet apparent. It is, however, clear that all are being led to make changes in direction, changes that from this summer will begin to shape the new political framework.

PASOK, first of all. The months of Greek-American deliberations that began last fall and were brought to an end by Shultz' visit to Athens have led to a clear feeling that as a government it no longer places into doubt the international orientation of the country. By following this policy the government believes that it is limiting the Turkish threat and at the same time provides for the means to confront the economic situation. And obviously, of course, this has to do with a policy that is made up of a fundamental choice with long-term effects.

With regard to economic policy, PASOK has chosen a new tactic in the past few months. The economic austerity measures that have been taken do not differ much from those taken in the past by ND because in the last analysis the way out of the crisis chosen by the government constitutes the classic prescription followed in the past by other western countries during lean times. This, together with an evident recent "opening" to private initiative, shows that the economic policy of PASOK's second 4-year term of office will differ markedly from the first.

Thus, on the basis of these facts, PASOK is now moving along to the October elections, i.e. the municipal elections, that is something more than certain that they will constitute a form of plebescite for or against the government in at least three big municipalities.

Having already shoved the communist Left to its lowest electoral strength and without the latter having shown signs that it can get out of its political impasse into which PASOK had thrust it, it is clear that the government's main effort will be to prevent a shift of its voters and to attract those voters of the Right who are now dissatisfied with Mr Mitsotakis' policies. And it is here that it seems that the game will be played in the coming months. It does not appear possible that the fence-sitter

voters positioned between PASOK and the KKE, as they have done in all elections up to now, will abandon the party having the present majority. On the other hand, the battle on the fringes between PASOK and ND will be a major one. And here, of course, PASOK's biggest ally is Mr Mitsotakis who firmly turns aside the entry of "wavering" voters to his party.

The logic of things, therefore, shows that in the coming months Mr Andreas Papandreou's main effort will be to safeguard, with actions, his rear from the Right and at the same time holding the communist Left on its political margin, with verbal openings toward the leftist "wavering" voters.

If this reasoning prevails the situation for ND is shaped accordingly. At this time the major government opposition party has its rear covered by the Right since there is nothing on the horizon to show any threat of any noteworthy extreme rightist party being formed. Consequently, for ND the entire battle is being waged in the political arena lying midway between it and PASOK.

However, Mr Mitsotakis constitutes the dissuasive person for this arena. And it is exactly this that constitutes the opposition's party's political impasse. Thus, Mr Mitsotakis has made his well-known unfortunate "openings" towards the communist Left trying to look for support not in ND's natural grounds but exactly there where from the nature of things it is ruled out that he would find political support. All of this, of course, does not constitute anything other than moves of desperation and panic.

Thus, ND is being led toward a change in leadership either before or after the municipal elections because its course toward a return to power is none other than the middle course between those "wavering" between the two major parties.

Already the first indications reaching Rigillis Street and that Mr Mitsotakis is systematically hiding from his party's officials is that the municipal election results are not scheduled to constitute a victory for ND. This is so not only because the tactics of personal frontal confrontation with Mr Papandreou that Mr Mitsotakis has chosen is as a rule being turned against him but also because the political talk that the present opposition party is articulating under his leadership is inappropriate for his followers who do not comprehend why their party is against the economic measures or why suddenly it is raising the banner of anti-Americanism, or why he is seeking "unnatural" cooperation with the communist Left. And if these things are causing problems for its present followers they undoubtedly are dissuading any eventual followers.

Thus, ND is being led by the nature of things not only to a change in personalities but to a change in policy. The moves that PASOK is scheduled to make in the coming months on the political chessboard will most clearly show that there is no other road for ND than a radical change of course. And somewhere within this reshaping of the political framework the new rules of the game will appear by the end of the year. Not because some people want it so but because of the nature of things.

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**STUDENT ELECTIONS' ANALYSIS SHOWS PASOK LOSSES**

**Athens I KATHIMERINI in Greek 20-21 Apr 86 pp 1, 3**

**[Article by P. Panagiotopoulos: "The Message of the Student Elections Very Significant for All Parties"]**

**[Excerpt]** The results of last week's student elections are of great significance from a political viewpoint. For the first time since its founding, PASOK suffered an important drop in its electoral strength which approached 20 percent of the total number of votes it received last year. This drop is indicative of PASOK's decay, mainly as a result of government policy in the electoral body.

One may assume that the decrease in PASOK's strength, as the results of the student elections showed, must clearly be much greater in the broader electoral area because the student area is, as an electoral sample, a favorable sign for the governing party. This fact is obvious, if one considers first, that PASOK has by tradition stronger support in the institutions of higher learning [AEI] and, second, that the student body does not directly suffer the unfavorable impact of the government policy options simply because it does not participate directly in the productive procedure.

The fall of the pro-government student front by 5.3 percent just 10 months after the June 1985 elections and 1 year after last year's student elections which preceded the parliamentary ones and which strengthened the pro-government Panhellenic Militant Student Faction [PASP], shows that the PASOK deterioration is already increasing gradually and presages broader political developments.

**The Increase Dropped**

Of the new correlations which tend to evolve in the student area, the Democratic Renewal Vanguard-ND Student Movement [DAP-NDFK] again clearly emerged stronger.

This year, its real percentage increase was smaller than last year, a fact which ND attributes to the very limited but not negligible percentage of 1.4 percent the Democratic Renewal Party [DI-ANA] detached from DAP. However, Stefanopoulos claims the DAP votes do not belong exclusively to one party. If the 1.4 percent DI-ANA received is added to DAP's 1.83 percent, then the true increase of the Right liberal forces in the AEI will surpass 3.0 percent. Thus, for the first time it has approached 30.0 percent, a percentage which 4 years ago was considered an ND pipedream.

Yet, ND must be concerned with the fact that PASOK's loss in AEI's was a great gain for the KKE Pan-Student Front, while a smaller but not negligible part of this loss was gained by the leftists and other leftist independents ousted from PASOK.

If this trend, as reflected by the results of the student elections, should be extended to the general electorate body, then ND should re-evaluate its tactics starting from the objective warning--which is not so favorable to it--that PASOK may be deteriorating in the political field but this deterioration is not automatically benefiting ND's political standing. On the contrary, it is being transferred to the area of the Left in such a way that the total election percentages of the so-called "democratic forces" continues to have a majority.

#### The Contradiction

However, this fact has its contradiction. According to assessments by experts specializing in university affairs, the "Right-Left" bi-polism from which ND derives no benefit dominates more the university campuses than Greek society. In other words, while it is very difficult for a student who voted PASP in his sophomore year to change direction and vote DAP the following year, it is not normal in university givens for a student to go more to the Left of PASP and to vote especially for the Pan-Student Movement [PSK] which is affiliated with KKE.

One cannot form an opinion with certainty concerning the re-alignments in the broader electoral area where the motives are less ideological and more pragmatic. The fact, however, that DAP, whose strength exceeded 50 percent, received great support again from first- and second-year students, is indicative of the inflexibility "of the political distribution" in the university campuses.

PSK (KKE) received the lion's share from PASP's fall, a fact which can be explained as an act of political disapproval of PASOK which caused a large

portion of voters to cast a protest vote. They did so because, according to assessments of reliable observers, the other KKE political philosophy and mentality cannot have a wider effect on today's youth. Moreover, if it concerned a conscious political choice of a party which is much more to the left of PASOK, it would make sense to strengthen the KKE-Int. democratic struggle which, continuing its downward path of recent years, lost 1.5 percent this year.

By way of conclusion, the results of this year's student elections delineate the great responsibilities and obligations ND assumes toward the new generation --responsibilities and obligations which dictate formulation of a comprehensive and necessary policy for a more substantive and more efficient involvement of the liberal element in the youth sector.

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## SUDDEN CHANGES ANNOUNCED IN POLICE LEADERSHIP

Athens I KATHIMERINI in Greek 29 Apr 86 pp 1, 3

[Excerpts] Mr. Tsimas' dismissal from the position of secretary general of the Ministry of Public Order and the simultaneous change in the leadership of the Greek Police yesterday gave a factual demonstration that the government actually agrees with the charges by the official opposition that an effective fight against terrorism would have been impossible under the abolished form. On the other hand, political observers pointed out that yesterday's impressive changes took place just a few days after the double and very strong expressions of displeasure by Washington, regarding the posture of Athens on the subject of cooperation in the application of the EEC measures against Libya, as conveyed to the premier during his meeting with the American ambassador this past week and to our ambassador in Washington by Mrs. Ridgeway.

In order to minimize these events and to dispel any adverse impression, the government hastened to present the dismissal of Tsimas as a "resignation"--without, however, explaining the reasons for it--and, at the same time, to announce that within the next few days the, until yesterday, general secretary of the Ministry of Public Order will assume a different, important government position, which, however, has not yet been determined.

At the same time, the government announced--almost as "leftovers" of the reorganization--the expected swearing in of Mr. Koutsogiorgas as minister of Interior (which is mandatory after the separation of that ministry from the Ministry of Public Order) and the unexpected swearing in of Mrs. Kyriatiki as deputy minister of Health, Welfare and Social Insurances.

The government changes were announced by Mr. And. Kourtis beginning with the "resignation" of Mr. Tsimas. His position, as stated by the government spokesman, will be filled by retired Maj. Gen. Panagiotis Morfotos of the Military Justice Corps.

## The KYSEA

At the same time, the KYSEA was meeting, under the chairmanship of the premier, to consider the necessary changes in the leadership of the Greek Police. A pertinent government announcement that was released later mentioned the following:

"The KYSEA met today at 12:30 p.m. under the chairmanship of premier Mr. Andreas Papandreou and resolved the following:

"1. It accepted the request for retirement by the current Chief of EL. AS., Lt. Gen. Giorgos Romosios. It conferred the title of Honorary Chief of EL. AS. on Mr. Romosios.

"2. It selected to be the new Chief of EL. AS. Lt. Gen. Ioannis Stavrakas and considered Lt. Gen. Emmanouil Mbosinakis as having successfully completed his career.

"3. It selected to be the new Chief of the Fire Corps Deputy Chief Vasileios Alamara whom it promoted to the rank of Chief."

These changes brought to completion the replacement of the political and service leadership (Tsouras-Tsimas) of the Greek Police against which the premier had publicly hurled the charge of not having the necessary imagination to combat terrorism and, more specifically, the "17th of November" terrorist organization, with the familiar statement he made from Beijing immediately after the assassination of Dim. Angelopoulos. Also interesting is the fact that the "17th of November" reappeared with a letter of an "economical-political" nature that was printed in yesterday's ELEVTHEROTYPIA.

It is also noteworthy that Messrs. Tsouras, Tsimas, Romosios and Mbosinakis were engaged in an ongoing dispute with the highest officers of the Greek Police.

The chief of the Greek Police, Ioannis Stavrakas was born in Levkas in 1930. He was commissioned as an officer in 1959 and was dishonorably discharged by the dictatorship in 1967 because of his opposition to the regime. He returned to the Police Corps in 1975, was promoted to Lieutenant General on 8 July 1985 and was named head of the Administrative Support Branch of the Ministry of Public Order.

As a higher officer and the highest officer, he served in key services of the Police and State Security. He served as director of KYP's counterespionage, director of the Police Directorate for Athens Suburbs (Gendarmerie) and director of Law and Order for Attiki. He has studied at foreign language schools of the Corps, is married and has two children. He is considered to be acceptable by the personnel of both of the former security corps.

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## BRIEFS

DI-ANA LOSES GROUND--A recent poll has greatly affected the leadership of the Democratic Renewal Party [DI-ANA]. The poll shows that the new party's influence in Athens has dropped from 5 percent last November to 2 percent. Its chairman, Kostis Stefanopoulos, attributes this drop to the bold openings his party made toward new sectors of government policy within the framework of the so-called "consensus procedures." It is believed that the greatest percentage of DI-ANA's followers are ND voters and a few who are displeased with PASOK. The poll results, as well as other negative samples such as the limited influence on the youth and the small membership of the regional organizations, led Stefanopoulos to sharpen his criticism of PASOK and increase his efforts in search of voters especially in the ND area. This new DI-ANA turn is the reason for which Stefanopoulos rejected the "proposal for dialogue" the PASOK government made despite the fact that the majority of the Political Office had an opposite view. [Text] [Athens TAKHYDROMOS in Greek 3 Apr 86 p 4] 7520

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## PARTIES ON LEFT POST SLIGHT GAIN IN LATEST POLL

Oslo AFTENPOSTEN in Norwegian 19 Apr 86 p 10

[Text] Norwegian Market Data's political barometer for March shows that 42.6 percent of the electorate would now vote for the Labor Party. The Labor Party has not done that well on this barometer for years. The Conservatives had a setback this month, but that could be due to a random statistical error the previous month, when the party showed a clear gain.

The Labor Party went up by only 0.4 percent, a gain that is of little interest in itself. But the important thing is that the party has now stabilized its rating at such a high level that an election now could give the Labor Party a straight Storting majority. The Socialist Left Party also went up from 5.4 to 6.1 percent and together the two socialist parties have a clear lead over the government parties with 48.7 compared to 43.9 percent of the vote. Even if the 3.5 percent support for the Progressive Party is included the nonsocialist parties are behind.

The Center Party and the Christian People's Party remained at the same level this month, so the damage was done by the Conservatives. But, as noted above, it is possible that last month's rating of 31.6 percent was a random phenomenon. Whether that is true or not, a support level of 30.2 percent is no reason for Conservative dissatisfaction. It is only 0.2 percent below last year's election results.

For the third month in a row the Liberal rating was 2.5 percent, an even lower level of support than the party received in the fateful Storting election last year.

The survey was conducted in the period between 15 March and 10 April--in other words before any partisan effects of the labor conflict could influence the political picture.

The table below is corrected for the results of the last Storting election. Estimated statistical error is up to 3 percent for voting figures around 50 percent, around 2 percent for figures in the 10-20 percent range and around 1 percent for lower figures. Interviews were carried out from 15 March to 10 April 1986 by Norwegian Market Data, Inc.

Folkes- tinges- valg Sept. 1983		Folkes- tinges- valg Jan. 1985		Folkes- tinges- valg Feb. 1985		Folkes- tinges- valg Mars 1985		Folkes- tinges- valg Apr. 1985		Folkes- tinges- valg Mai 1985		Folkes- tinges- valg Juni 1985		Folkes- tinges- valg Aug. 1985		Folkes- tinges- valg Sept. 1985		Folkes- tinges- valg Okt. 1985		Folkes- tinges- valg Nov. 1985		Folkes- tinges- valg Des. 1985		Folkes- tinges- valg Jan. 1986		Folkes- tinges- valg Feb. 1986		Folkes- tinges- valg Mars 1986		
Sos. V. part. (3)	5,3	%	5,2	%	4,6	%	5,1	%	5,3	%	5,4	%	5,8	%	5,5	%	6,4	%	6,5	%	6,1	%	6,1	%	6,1	%				
Arbeiderpartiet (4)	38,9		38,4		39,2		39,2		38,2		39,7		38,7		38,5		40,8		41,0		41,5		41,0		42,2		42,6			
Sum ..... (5)	44,2		47,8		47,4		43,8		43,3		45,0		44,1		44,3		46,3		47,9		48,3		47,6		47,6		48,7			
Senterpartiet (6)	7,2		5,2		6,1		6,1		6,4		5,3		6,0		6,0		6,6		6,6		5,5		7,3		6,1		6,2		6,4	
Kristelig Folkeparti (7)	8,8		8,5		8,3		8,3		7,7		8,4		8,5		8,1		8,3		7,6		8,0		7,9		8,7		7,9		8,0	
Høyre ..... (8)	26,4		28,7		30,8		30,8		31,0		29,9		30,1		30,0		30,4		30,4		28,0		31,0		30,7		30,0		30,2	
Fremskrittsp. (9)	6,3		6,9		5,6		5,5		5,8		4,9		5,3		5,4		3,7		4,0		4,8		3,6		3,9		3,5		3,1	
Sum ..... (5)	48,7		49,3		50,7		50,7		50,9		48,5		48,9		50,1		49,0		47,5		48,1		48,6		47,8		48,3		47,3	
Venstre ..... (10)	4,4		3,7		3,6		3,6		3,5		4,5		3,7		3,5		3,1		3,2		2,6		2,2		1,6		2,5		2,5	
Det Lib. Folkep. (11)	0,7		0,5		0,6		0,6		0,3		0,4		0,7		0,7		0,5		0,5		0,4		0,3		0,3		0,7		0,3	
Red Valgallianse (12)	1,2		1,1		0,8		0,8		1,2		0,7		1,0		0,9		0,6		0,6		0,2		0,5		0,5		0,7		0,4	
Kommunistpartiet (13)	0,4		0,3		0,3		0,3		0,5		0,7		0,5		0,2		0,2		0,1		0,1		0,1		0,2		0,3		0,3	
Andre ..... (14)	0,5		0,5		0,2		0,2		0,3		0,2		0,1		0,4		0,4		0,3		0,3		0,1		0,1		0,2		0,4	
Total ..... (15)	99,9		100,0		100,0		100,0		100,0		100,0		100,0		100,0		100,1		100,1		100,0		99,9		100,0		100,1		100,1	
Svar om partipref. (16)	1046		1056		1037		984		1024		1052		—		1030		1095		993		970		1098		1066		1076			
Antall intervjuer i alt	1255		1278		1256		1262		1216		1263		1268		—		1218		1240		1191		1162		1282		1248		1266	

### Political Barometer

#### Key:

1. County elections
2. Storting election
3. Socialist Left Party
4. Labor Party
5. Subtotal
6. Center Party
7. Christian People's Party
8. Conservative Party
9. Progressive Party
10. Liberal Party
11. Liberal People's Party
12. Red Election Alliance
13. Communist Party
14. Others
15. Number stating party preference
16. Total number interviewed

## CONSERVATIVE NEWSPAPER ON LIKELY COURSE OF NEW GOVERNMENT

## Difficult Search for Stability

Oslo AFTENPOSTEN in Norwegian 2 May 86 p 2

[Editorial: "New Labor Party Government"]

[Text] With the complex parliamentary situation we now have, every conceivable government alternative will have big problems finding a stable foundation from which to rule--if such a foundation exists at all. Nevertheless, after the fall of the Willoch government, there is only one constitutionally and politically natural outcome to the crisis: Gro Harlem Brundtland must form a minority Labor-Party government.

When the Labor Party leader herself suggests that the offer should first go to the middle parties, the Christian People's Party and the Center Party, she is engaging in academic hairsplitting which has no basis in the existing political reality. According to parliamentary custom, the group which provokes a government crisis must also assume responsibility for getting the country a new government. In the present situation, this means that the task of forming a government must go to the leader of the largest opposition party, Gro Harlem Brundtland.

The formation of a new Labor Party government is the first tangible result of Carl I. Hagen's insistence that his party cast its ballot with the Labor Party and the Socialist Left Party during the dramatic voting the other night. But this is just the beginning, mind you. Since the Labor Party leader--according to a statement made to AFTENPOSTEN--wants to set out on a course which can prevent a series of government crises, we must reckon with the possibility that her government will stay in power for a considerable time to come. But in any event the change of government means that Norwegian policy will veer several degrees to the left.

Between now and the next parliamentary elections, Carl I. Hagen and his "progress party" will have ample opportunity to study the political consequences of toppling a nonsocialist government. In all likelihood, many people long ago asked themselves what sort of outlook Mr Hagen actually has on political developments when he finds it more important to vote against a slight increase in the gasoline tax than to prevent a socialist seizure of power. Through their conduct earlier this week, Hagen and his party have taken very emphatic care to eliminate themselves from any serious debate on comprehensive solutions to political and social problems.

Thanks to Carl I. Hagen's party, which still claims to be nonsocialist, we now get a socialist government which in essential areas will pursue a policy quite different from the one which the Willoch government has stood for. If Gro Harlem Brundtland maneuvers carefully, she will be able--even though her government is a minority one--to implement much of the "socialism" which Hagen says he opposes.

It will be a costly change of government for Norway, with a new round of progressively higher taxes and levies and more government intervention. Tax allowances will be reduced, and gross taxes will be increased substantially. The forthcoming change of power will have a very harmful impact on Norwegian workers and businessmen, especially through the combined stagnation and inflation we know from an earlier period of Labor Party rule.

#### Higher Taxes, Government Intervention

Oslo AFTENPOSTEN in Norwegian 3 May 86 p 3

[Article by Bjorn Talen: "Tax Trauma in Store"; first paragraph is boldfaced lead-in in original]

[Text] There is reason to expect that the Labor Party will follow a moderate course when it assumes power, among other reasons, in order to entice the middle parties out of their marriage with the Conservatives. But the Labor Party is prepared to employ strong measures to stem the flood of economic disaster which is engulfing the country. Increased taxes and higher duties on imports are just around the corner, and a hike in the value-added tax is a measure being discussed. Both devaluation of the krone and a wage-and-price freeze may be suitable ways to strengthen competitive ability.

The Labor Party's general plan seems clear from a purely political viewpoint. The party will play it safe in the middle of the road. Fruitful teamwork with the middle parties is expected in areas like taxes and regional development policy. Nor can one exclude the possibility of a sharp turn into the Conservatives' side of the road, with the result that the TV-2 ball is put in the cage.

This strategy has a twofold purpose: to stay in power as long as possible and to break up the nonsocialist squad. As the Labor Party government has to depart sooner or later, the impact will be maximum if it is succeeded by a form of coalition with the middle parties or by a pure middle-party government, both of which would knock the Conservatives out of the picture. In that case, it is not the Labor Party's problem if this causes voters to flee the Christian People's Party and the Center Party.

#### The Address

The first test will be the inaugural address. But it will be so moderate that it will scarcely justify a move by the nonsocialist parties for a vote of no confidence, no matter how hard Carl I. Hagen strives. Top officials in the Labor Party guarantee there will be no repeat of 1928, when Hornsrud declared that his goal was a socialist society and scared the daylights out of the middle classes.

### Retrenchment

But it will be much more difficult a month from now to submit a revised national budget with stringent retrenchment measures. And if things work out, it is just a question of proceeding to obtain a majority for the most unpopular national budget ever.

The incoming government knows just as well as the outgoing one that the loss of billions of kroner in oil income, together with an accelerating rate of expenditures, makes it utterly necessary to increase state revenue, to cut costs, and to reduce people's purchasing power. The Labor Party would also like to obtain an extra 20 billion kroner which it promised for a series of good causes in last year's election campaign.

### Taxes

High on the list is a thorough tax reform in line with the Tax Commission's proposals. But there will probably be a unilateral increase in gross taxes in order to reduce the importance of tax deductions and no corresponding relief in net taxes, so that the total result is an increased tax differential. The Labor Party will also be careful about how businesses are taxed. But in return the population must expect higher taxes on motor vehicles and gasoline and a new tax on pleasure boats.

These measures, together with an increased tax on stocks, will have a leveling-off effect and bring money into the state treasury, but not nearly enough. That is why a hike in the value-added tax is also being discussed. Here each percentage point provides an increase of 2-3 billion kroner. But a higher value-added tax means an even sharper rate of inflation after this year's wage agreement. We cannot therefore rule out the possibility that Gro Harlem Brundtland will have to resort to questionable remedies such as devaluation of the krone and a wage-and-price freeze to avoid a catastrophic downtrend in our competitive ability.

### Distribution

The Labor Party's noble motive for toppling the Willoch government was the supposedly unjust distribution of burdens. But nearly all equalization measures, particularly tax increases, will curb the growth which is necessary so that there will be something to distribute. One of the Labor Party's answers is a large-scale investment in research and development, but that is hardly enough.

Regardless, the need to save will severely limit the Labor Party's incentive measures, and borrowing billions abroad is a dangerous game. Many things indicate that the Labor Party must choose between being an irresponsible stand-in government and being a responsible breaker of beautiful promises. Maybe it is not so strange that thoughtful persons in the party found this an unfavorable moment for a government crisis.

## Economy Biggest Problem

Oslo AFTENPOSTEN in Norwegian 3 May 86 p 3

[Article by Hans Chr. Erlandsen: "Economy Labor Party's Biggest Headache"]

[Text] In today's situation, economic policy is every Norwegian government's biggest headache. It was therefore natural that when the Willoch government was toppled, it was over an economic issue. But it is hard to see how the Labor Party's policy will differ in broad outline from that of the nonsocialist government. If the party wants to keep earlier promises, it will be prevented from implementing concrete measures in many areas.

Norway is in a difficult economic situation.

If the average price of oil between now and 1990 remains 100 kroner per barrel (today it is roughly 85 kroner) and if the dollar exchange rate holds firm, revenue from exports will be 190 billion kroner less than anticipated in the Long-Range Program. The state would have gotten 120 billion of those kroner.

If we want the country's foreign debt to be 30 percent of the gross national product (today it is 8 percent), the purchasing power of wage earners must be reduced by 10-15 percent.

And if employees in the public health service are given the same reduction in working hours which other groups have just received, it will cost the townships and counties 1 billion kroner.

### Rising Wages

This year, wage costs per produced unit may rise 3-4 percent more than for our trade partners. It will then be difficult to increase exports from mainland Norway.

### Where Is the Money?

The question is how and where we will get the money to cover lost revenue and increased costs.

During the spring session, the Labor Party has submitted three programs which aim at what is called "new growth" for Norway: a program to combat the speculation economy, a program for regional development, and a program for trade and industry with special emphasis on creativity, research, education, and internationalization.

It seems quite clear that the new government will give the "speculation economy" a slap in the face. But there are no sums of money obtainable here which will help much in the overall context. For example, an increase in the profits tax on stocks from 30 to 40 percent would yield "only" about 100 million kroner. If we increase from 2 to 3 years the time a person must own a stock before he is exempt from taxes on it, an additional 10-20 million kroner will be collected.

The creativity program is more a long-term investment than a measure which yields results over the short haul. Moreover, such a program will cost money today which we will not see again for many years. Nor will the regional development program put money in the state treasury or increase growth in the short run.

It will soon be necessary for the state to be more frugal with foreign-currency reserves. This may have a negative effect on measures to internationalize Norwegian industry, which is a key item in the creativity program. In particular, the placement of foreign currency in the foreign branches of Norwegian banks and loans for setting up businesses in other countries will be postponed.

One of the Labor Party government's main problems will be to pursue a policy which trade and industry find credible. The Oslo Stock Exchange panicked on Tuesday: the market value of companies quoted on the stock exchange fell by 3 billion kroner. If manufacturing firms in Norway are to continue to grow, if new ideas are to get fertile soil and essential starting capital, and if people are to make an extra effort, then it must be assumed that one will receive profits and not increased taxes if one succeeds.

And to continue along this line: what will a Labor Party government do with Horten Shipyard and Trosvik? Will we use the scanty resources we have to maintain ailing industrial firms, or we will give priority to new projects which can provide growth and jobs? The way the new government conducts itself here will yield important signals.

The crux of the Labor Party's indictment of current economic policy is that the man in the street has too much money in his pocket. The government can soak up some of this money without the Parliament's blessing. The interest rate can be raised, for example. But not only is today's interest rate in Norway at a record high in the international community, the Labor Party has previously supported a drop in the interest rate. If the national banks lower the interest rate by 1 percent, that alone would cost 1 billion kroner.

It is not just that the Labor Party will be forced to contradict itself and go back on some old promises. Its ability to function will also be restricted by having to pursue a policy which depends on support from the opposition in Parliament. In all likelihood, the second government of Gro Harlem Brundtland will also be toppled by an economic issue.

#### Dramatic Foreign Policy Shift

Oslo AFTENPOSTEN in Norwegian 5 May 86 p 3

[Article by Hans Chr. Erlandsen: "Dramatic Change of Course in Foreign Policy"; first paragraph is boldfaced lead-in in original]

[Text] Norway is on the verge of the most dramatic change of course in foreign policy since 1948, if the Labor Party government chooses to put into practice its stand on key issues of security policy. In such a case, Norway will be grouped with the "footnote lands" in NATO. This country's destiny will then be the same as Denmark's: in an alliance which is the cornerstone of our defense and security policy, we will lack credibility on security issues.

The Labor Party has advocated calling a halt to the deployment of intermediate-range nuclear missiles in Europe. AUF leader Jens Stoltenberg put it this way in a speech on 1 May:

"A Labor Party government must also follow up on the national congress resolution concerning a nuclear weapons freeze. Among other things, the resolution calls for a halt to the American deployment of new nuclear missiles in Western Europe."

If Norway's ambassador to NATO is instructed to adopt this standpoint at the alliance's next council meeting, it means that Norway is breaking with the strategy which NATO has hammered out for negotiations on nuclear weapons. It will happen at a time when there are prospects for a provisional agreement between the United States and the Soviet Union on intermediate-range missiles which can reach targets in Europe.

#### Nuclear-Free Zone

In this connection, Norway's active involvement in the creation of a so-called nuclear-free zone will also have a disturbing effect: Norway will have a hard time getting NATO to understand that we are collaborating on this with the neutral countries Finland and Sweden. The issue is very important to the alliance and particularly to the member countries which are involved in a possible rescue of Norway in a crisis situation.

"There will...be reason to impress upon our allies the so-called Bratteli statement of 1975. It provides that no allied ship will carry nuclear weapons during a visit to Norwegian ports," said Knut Frydenlund, the Labor Party's foreign policy spokesman, in an interview with VG on Friday.

If this means that we adhere to the guidelines laid down by Prime Minister Trygve Bratteli, it will touch upon an area where the United States in particular follows strict principles. One refuses to reveal in any indirect way to the Soviet Union which American ships have nuclear weapons on board.

#### The Northern Territories

The Labor Party government's stand on this issue will be seen in connection with how one reacts to increasing Soviet involvement in the northern territories. The Willoch government has recently made it quite clear that NATO's training maneuvers in these territories must be increased, as a reaction to the Soviet course of conduct. How will the new Norwegian government interpret the large-scale landing maneuver which Soviet forces recently carried out near Norway, and what conclusions will be drawn?

The Labor Party seems particularly preoccupied with the American research program for a strategic defense system in space (SDI). This is a program which has bipartisan support in the United States and which is now considered a key link in the country's defense efforts. If Norway not only opposes the need for this program at NATO forums but also ostentatiously prohibits Norwegian industry from accepting possible orders in connection with the SDI, it will make relations between the two countries more troublesome. It can be asserted that a certain

Norwegian skepticism would be in line with what France, for example, has expressed. But that skepticism is based on a belief that the old arrangement with its balance of terror is better than the SDI. Here the Labor Party is probably not in agreement with its French counterpart.

#### NATO and Detente

Knut Frydenlund has repeatedly made a pitch for a policy which, in his opinion, NATO no longer follows: essential defense endeavors should be combined with efforts on behalf of detente. However, this strategy has constantly been emphasized by NATO in recent years, the last time in the spring of 1984 when--after a thorough analysis--the alliance reiterated that this was precisely its strategy. As minister of foreign affairs, Knut Frydenlund will have a hard time making himself credible at NATO meetings if he declares that NATO does not pursue a strategy which in fact NATO's highest organs have confirmed.

#### Coalition Parties Retaining Alliance

Oslo AFTENPOSTEN in Norwegian 3 May 86 p 2

[Editorial: "Cooperation's Future"]

[Text] A bright spot in the situation which arose after a majority in Parliament came out against the Willoch government is that the three nonsocialist coalition parties are more united, perhaps, than at any time since the current government was formed. This will have considerable importance for future efforts to form a new government of the Conservative, Christian People's, and Center parties as soon as the political and parliamentary circumstances are favorable.

We agree with Kjell Magne Bondevik, chairman of the Christian People's Party, that the most important thing is for the coalition parties to maintain good contact and a civilized tone among themselves when they switch over to the opposition. We know from experience that it does not take much to create friction and dissatisfaction if the parties' natural desire to assert their individuality comes into conflict with broad cooperation. It is all the more important that leaders of the three parties now give assurance of their strong willingness to cooperate when they assume the opposition role in Parliament a week from now. This is a promising point of departure.

Because the opportunities to gain ground with nonsocialist policies continue to have broad cooperation as a crucial precondition, we will do what we can--as we have up until now--to keep the concept of cooperation alive. If three-party cooperation is to emerge as an authentic alternative at the next crossroads, there must not be too many disagreements over the primary political issues. We emphasize this, knowing full well the problems that will arise on that score. There is no reason to deny that in many areas there is a significant distance between the three current government parties.

As the opposition, these parties will have substantially greater freedom to maneuver than when they themselves bear joint responsibility for governing the country. Representatives of the middle parties in particular have stressed this

very point. In view of this, it is only natural that people in political circles are asking themselves if it is conceivable that new alignments will spring up in a number of key areas of concern. This applies especially to tax policy where, as everyone knows, there have been some noteworthy differences of opinion among the current government parties. Another sensitive area is security policy. In view of the movements in this very area which have been registered in sections of the middle parties, it will certainly be no easier to maintain discipline in the ranks when the parties switch over to the opposition.

The Labor Party and its leader, Gro Harlem Brundtland, know very well how to take advantage of the counterforces in both the Christian People's Party and the Center Party. That is why it is extremely important for the coalition parties to begin right now to formulate a strategy which provides a genuine nonsocialist alternative in a new political situation. In this connection, leaders of the three parties have a special responsibility.

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CSO: 3639/108

**CONSERVATIVE DAILY URGES CURBS ON EAST BLOC DIPLOMATS**

PM090904 Stockholm SVENSKA DAGBLADET in Swedish 3 May 86 p 2

[Editorial: "The Tip of the Spy Iceberg"]

[Text] Four Czechoslovak diplomats and the head in Sweden of the Czechoslovak state airline, CSA, are being expelled from Sweden for espionage. The most dramatic aspect of this incident is the expulsion from the country of those involved. The fact that East bloc diplomats and other official representatives engage in illegal intelligence activities is hardly likely to surprise anyone.

It is well known that the majority of the East bloc countries' envoys works for secret police organizations or military intelligence bodies. Since these are controlled in their turn by the Soviet Union's KGB or GRU the Eastern bloc's embassies and bureaus are parts of a worldwide spy net. This is how things have been and how they will remain.

It is clearly necessary that five Czechoslovaks should be expelled from Sweden now that their illegal activities have been uncovered by the Swedish security police. Their involuntary departure from Sweden will probably mean some interruption in espionage activities against our country. Confusion is created and contact networks are destroyed. Credulous Swedes are given yet another warning against incautious contacts with this sort of spy under the guise of diplomacy or trade.

But by and large the illegal activities against our country are hardly likely to be much reduced by declaring five Czechoslovaks persona non grata. In time they are bound to be replaced and the Eastern bloc's espionage organization here in Sweden is so widespread that it will probably survive a minor setback.

If Sweden is to make a serious attempt to stem the intelligence activities in which the Soviet Union and its satellites engage we should try to cut off the roots instead of the branches which grow again after a while. It is hardly reasonable to allow the Soviet Union to have so many diplomats and officials in Sweden when everyone knows what the majority of these really do.

At the Soviet Embassy in Stockholm alone there are around 80 Soviet citizens, half of whom have diplomatic status. To deal with the modest trade between Sweden and the Soviet Union the Soviet Union also has a large trade delegation on Lidingo [island suburb of Stockholm] with around 50 Russians. In Goteborg there is a consulate where around 20 envoys pass their time dealing with more than visa applications and a nonexistent number of stranded Soviet seamen and tourists. There are in addition offices for other Soviet organizations -- Aeroflot, Intourist, and so on.

At the embassy, trade delegation, and consulate alone there are around 150 diplomats and officials from the Soviet Union. Thus there are whole platoons of intelligence officers here engaging in activities which have nothing to do with their official tasks. Then there is the personnel from the other Eastern bloc countries.

If Sweden were to permanently limit the Soviet Union's and the other East bloc countries' representation here to the same level at the Swedish representation in the various countries much would be won. Sweden could also apply the same rules which Moscow uses against foreign diplomats in Moscow. Their freedom of movement is restricted to the capital and large sections of the Soviet Union are always closed to foreigners.

Sweden has actually no reason at all to allow this host of KGB and GRU agents to carry on as they like in our country. The expulsions of East bloc diplomats which happen from time to time demonstrate to all an abuse that does serious damage to our country. And it is surely merely the tip of the iceberg that is uncovered by the Swedish authorities.

What is needed is a tougher and more consistent line against this illegal diplomatic activity. Unfortunately, however, the government's actions up to now have left a great deal to be desired. When journalist Charlie Nordblom in his book "Industrial Espionage" pointed about a year ago to the scale of espionage among East bloc diplomats in Sweden the State Committee intervened. On the prime minister's orders an under secretary of state attacked the book and in practice freed the Soviet Embassy from all suspicions.

With such an approach Sweden will never be able to reduce appreciably the Eastern bloc's intelligence activities in our country. It really is time for a rethink at the highest levels. The government's energies should not be squandered on uncovering the espionage but should of course be concentrated on restricting the potential scope for activities which, if allowed to continue, threaten our peace and freedom.

/12640  
CSO: 3650/201

## DAILY FOLLOWS UP PEACE TEACHING CONTROVERSY

PM131040 Stockholm SVENSKA DAGBLADET in Swedish 20 Apr 86 p 2

[Editorial: "The National Board of Education Would Choose Occupation"--  
words between slantlines italicized in original]

[Text] In an article on Wednesday's [16 April] "Focus" page Lena Olsson-Hulten and Kajsa Ohrlander attacked a book published by the Liber Publishing Company on peace teaching in schools. [Words indistinct] of the National Board of Education [SO] has written a foreword and as a result has given the book a sort of official sanction.

The criticism of the book and of the SO in the article is totally justified. But there is even more to add about the SO's role in peace teaching.

For the SO has also published an official teacher's guide, a sort of commentary, to peace teaching (S 85: 13). The guidelines for the contents of the guide were also drawn up by the SO management board.

In the booklet the SO calls into question the foundations of Swedish security policy. The SO writes as follows: "This (the concept of peace--SVENSKA DAGBLADET note) also includes the broad content of peace teaching to be found in the subsections of peace, freedom, development, and human rights. These elements are all interrelated. Peace is the /overriding/ and uniting concept. The division into various elements is made for /practical/ and /pedagogic/ reasons." The ultimate conclusion that can be drawn from Swedish security policy as laid down by the Swedish Riksdag is that peace is /subordinate/ to national independence and freedom. That is why we have defense forces. In the choice between peace under occupation and peace with the preservation of freedom Sweden would choose the latter. There is no doubt or disagreement on this point.

But the SO clearly takes a different view. The SO's employees are of course allowed to take such a view in their capacity as individuals. But the SO as the highest schools authority and, it should be noted, as part of our total defenses must represent the security policy laid down by the Riksdag. This is an obvious consequence of the regulations in the schools law about the role of schools in Swedish democratic life.

It is completely unacceptable that the SO as a state authority should represent a line running contrary to the official Swedish view of security and defense policy. This is what the SO does when it encourages the country's schools to engage in peace teaching with the above as the point of departure.

It is something completely different if pupils at a school meet with views different from those expressed in official security policy doctrine. The school must naturally investigate the sort of pacifist positions to be found in the SO guide.

The SO should therefore immediately withdraw the booklet "Peace Teaching" and rewrite it in accordance with Swedish security policy. If this does not happen, there is every reason for the Swedish Riksdag to clarify what is of overriding importance and what is secondary in school peace teaching.

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CSO: 3650/206

## FRENCH-SPANISH MANEUVERS ANNOUNCED

Madrid EL ALCAZAR in Spanish 13 Apr 86 p 8

[Text] The combined Galia-86 Spanish-French military maneuvers that will be carried out in various locations of six provinces of the Castilla and Leon Community will get underway tomorrow with an airdrop.

The maneuvers will consist of paratrooper drops that will engage in simulated operations of ground occupation, jointly with the ground deployment of armored and motorized units.

The area in which the maneuvers will be carried out is bounded by the towns of Mota del Marques (Valladolid), Magaz (Palencia), Castillo de la Vega (Burgos), Rebollosa de Pedro (Soria), Lozoya (Segovia) and Benavente (Zamora).

The paratrooper drops will take place in various locations of the provinces of Valladolid, Palencia and Zamora.

The Spanish forces that will participate in the maneuvers under the command of Gen Antonio Vicente Martinez will be a Parachute Brigade, the Espana No. 11 Cavalry Regiment, two sections of BMR vehicles, 16 helicopters, two sections of trucks, six Hercules C-130 planes, and two transport Aviocars.

8414/12245  
CSO: 3548/50

## SPANISH CARRIER VIOLATES GIBRALTAN WATERS

## Great Britain Lodges Official Protest

Madrid DIARIO 16 in Spanish 3 Apr 86 p 5

[Excerpts] Madrid--Through the counselor of its embassy in Madrid, the British Government yesterday morning lodged its official protest for the incident involving the Spanish Navy helicopter carrier Dedalo that took place on 20 March.

This intrusion of the Dedalo--confirmed by military sources to DIARIO 16--has renewed the Gibraltan controversy just a few weeks prior to the official visit of the monarchs to Great Britain, which is slated to start on 22 April.

The reserve displayed by the officials of the British Embassy, headed by Lord Gordon Lennox, was amply manifested yesterday by a refusal to provide any information and the referral of all interested parties to the Foreign Office. In London, an official spokesman insisted that there was no reason for the incident to reflect on the planned trip of the sovereigns to that country.

On this issue, as noted on the official protest presented by an embassy counselor to Fermin Prieto Castro, assistant counselor for Gibraltan affairs of the General European Directorate of the Ministry of Foreign Affairs, the British Government judges that the Dedalo intruded into British territorial waters on 20 August.

This version contrasts with Spanish allegations. Spain contends that in accordance with the Treaty of Utrecht of 13 July 1713, the only waters ceded were those of the port of Gibraltar, hence the waters adjacent to the Rock are under the Spanish sovereignty.

The spokesmen of the Ministry of Foreign Affairs added yesterday that this Spanish stance is not new, but is rather the one that has been maintained not only in the course of the periodic conversations held with the United Kingdom, but also in other instances.

The same spokesmen also made known that that stance was reiterated at the time of Spain's adherence to the Geneva Convention of 1959 on territorial seas and adjacent zones.

The details available on the intrusion of the Dedalo, which apparently spent 15 minutes in Gibraltan waters, are scarce.

#### Impossible to Determine Territoriality

Madrid DIARIO 16 in Spanish 3 Apr 86 p 5

[Article by Antonio Mozo]

[Text] Seville--A confluence of formal and factual sovereignties takes place in the Strait of Gibraltar that to date has rendered impossible the demarcation of the waters corresponding to the three states with a presence in the area.

If each shore belonged to a single state, there would only be a need to draw the equidistant line between the two margins along the stretch Trafalgar-Espartel and Europa Point-Santa Catalina Point.

The aggregate waters of the strait, however, are under the triple sovereignty of Spain, Morocco and the United Kingdom, dating from the inception of the colony of Gibraltar.

Spain does not acknowledge sovereign rights over the Rock by the United Kingdom, and our country believes that the Gibraltan territory does not engender territorial waters. Morocco maintains the same posture with respect to Ceuta. The United Kingdom is the only beneficiary of this demarcation, the only interested country that accepts it, including the triple sovereignty.

Spain, on the other hand, considers that the waters of Algeciras Bay "are under the Spanish sovereignty" as asserted on the Red Book of 1967. The United Kingdom is acknowledged some inner waters inside the port of Gibraltar, enclosed, in turn, by the territorial sea of the bay which, at the same time, contains the inner waters of the Algeciras-La Linea Port. Those are the only precise delimitations acknowledged by the Spanish Administration since the Decree of 19 October 1967, in addition to that established in the demarcation of the restricted air space, which specifies that the established limits "do not signify a delimitation of the national territory, nor the renunciation of the sovereign rights of Spain to the south of the coordinates" that are set forth in the document.

The nonenclosure of Algeciras Bay by means of a base line, which would turn all its waters into inner waters, is due to the fact that Spain cannot rest that base line on Europa Point, where, as the Spanish delegation to the Sea Conference of 1981 acknowledged, "Spain evidently does not exert territorial sovereignty."

That statement is inconsistent with another made by the same delegation to that convention which states that "Spain has to consider that all the waters of the bay, except those of the port of Gibraltar, are Spanish waters." As a matter of fact, by upholding this contradiction, Spain denies sovereignty to the United Kingdom as well as to itself.

The situation is different on the east side of the Rock of Gibraltar, where there is no official demarcation of the waters.

8414/12245  
CSO: 3548/50

## SWEDISH RESEARCHER VIEWS NUCLEAR THREAT TO NORDICS

Stockholm SVENSKA DAGBLADET in Swedish 9 Apr 86 p 8

[Article by Lars Christiansson]

[Text] The USSR has at least 1,350 nuclear weapons deployed in close vicinity to the area being proposed as a Nordic nuclear-free zone. Those weapons are intended and specially suitable for targets in the Nordic countries.

From their launch sites, they cover targets practically throughout the Nordic Region.

On the NATO side, 42 nuclear weapons can be considered intended for targets in the same area. But from their bases in Schleswig-Holstein, they can only reach targets in waters south of the Danish islands of Fyn and Lolland.

The Nordic countries have no nuclear weapons based in their own territories.

Those calculations are taken from a report by security researcher Tomas Ries.

The withdrawal of all those nuclear weapons is one of several conditions which, in the Swedish view, must be fulfilled if a Nordic nuclear-free zone is to become a reality.

#### Joint Group

At the meeting of Nordic prime ministers that will open in Stockholm on Wednesday morning, Danish Minister of Foreign Affairs Uffe Elleman-Jensen will propose that the problems associated with the establishment of a Nordic zone be studied by a joint group of Nordic government officials. Their report is intended to show how the zone is to be put into effect.

The Danish Government is being forced by its Parliament to submit the proposal. The government has a bare majority against it in Parliament on security issues.

It is uncertain how the proposal will be received by the other Nordic ministers of foreign affairs. Finnish Government spokesmen have expressed

support for such a government study, but have not specified its purpose. Swedish Prime Minister Ingvar Carlsson stated during his visit to Helsinki on Monday that such a study might be a step in the right direction, provided that a form on which all the Nordic countries can agree is found.

#### Norwegian Skepticism

It is not known how the Norwegian Government will react. But Prime Minister Karet Willoch expressed very strong skepticism concerning a Nordic nuclear-free zone in a speech last Monday. In its Colding Report, Norway has placed even stricter conditions on the establishment of the zone than Sweden has.

The Colding Report makes very clear demands for withdrawal of the Soviet nuclear weapons existing in the zone's immediate vicinity. This applies in particular to the Kola Peninsula, where the Soviet Union has several of its most important bases and a large portion of its nuclear arsenal.

The Soviet Union regularly asserts that it does not have any nuclear weapons that threaten the Nordic Region or any that are directly intended for use against the Nordic countries. As recently as the middle of February, that assertion was made in the Finnish Center Party newspaper KALEVA by the writer with the pseudonym Kommissarov.

#### Supported by Leadership

Concealed behind the pseudonym Kommissarov is the deputy chief of Scandinavian affairs in the Soviet Ministry of Foreign Affairs, Yuriy Deryabin.

Anything written by Kommissarov, who has served in the Soviet Embassy in Helsinki, is considered to have the backing of the leadership in the Soviet Ministry of Foreign Affairs.

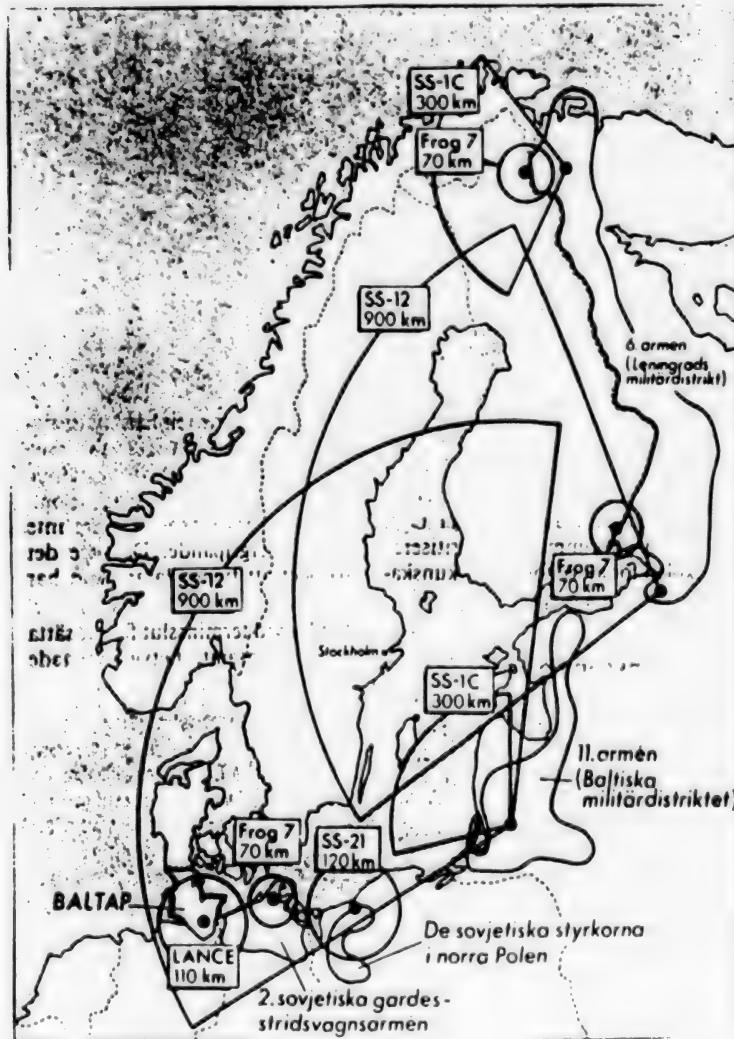
Kommissarov wrote:

"Concerning the far-reaching demands now being made in Norway, one should bear in mind that the defensive measures adopted by our country in its northwestern areas, including the Kola Peninsula, have not had regional objectives and have not threatened the security of the Nordic Region.

"The Soviet Union is a nuclear power, and it would be unfair to place any special demands on us just because some of our areas border on a possible nuclear-free zone."

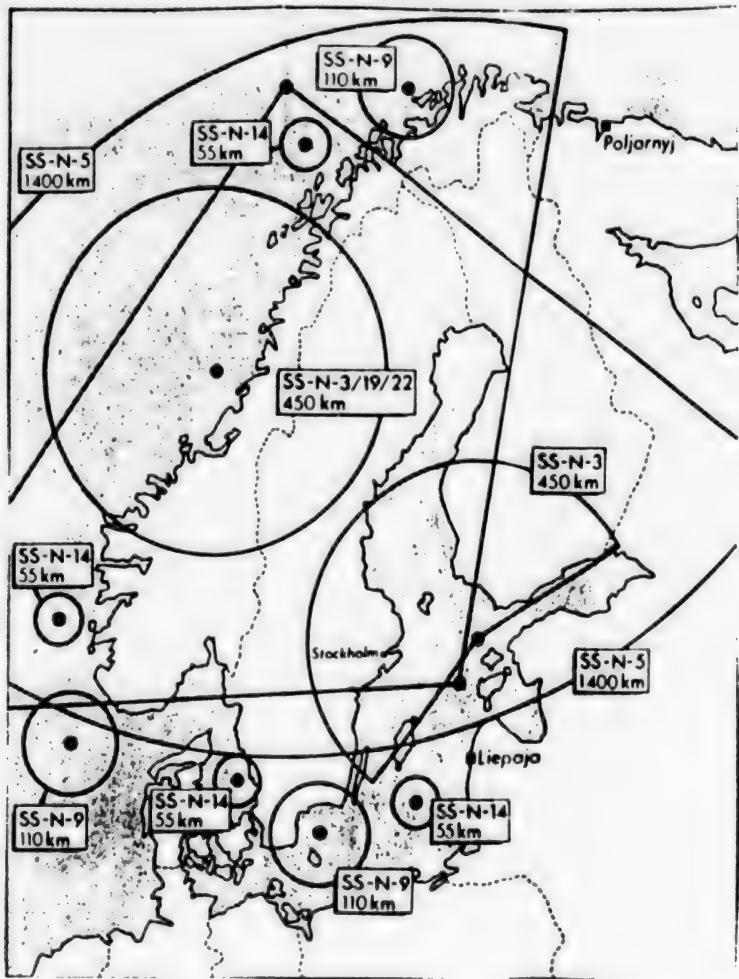
In a speech to the Paasikivi Society in Helsinki in 1983, Olof Palme stated the basic conditions on which Sweden could participate in a Nordic nuclear-free zone. He said:

"We also feel that nuclear weapons which are primarily intended or suited for targets within the proposed zone should be withdrawn from our immediate vicinity. Those nuclear weapons, both on land and in the surrounding sea area, would of course become superfluous in practice."



The map shows the approximate deployment and range of sea-based Soviet nuclear weapons suitable and/or intended for use against targets in the area that would be covered by a proposed nuclear-free zone.

According to security researcher Tomas Ries, there are no permanently based counterparts on the NATO side.



Most of the Soviet nuclear weapons which, in the Swedish view, would have to be withdrawn if a Nordic nuclear-free zone is to become a reality are based on land.

There are about 1,000 such Soviet nuclear weapons. On the NATO side, there are 42 land-based nuclear weapons in North Germany that would also have to be withdrawn.

### Also Baltic Sea

The prime minister also made it clear in the same speech that "we have a clear interest in seeing to it that there are no nuclear weapons in the sea areas in our vicinity. A zone arrangement in the Nordic Region must therefore also include commitments concerning the nuclear-free status of the Baltic Sea."

On behalf of the Danish Parliament's Committee on Disarmament and Security Policy, security researcher Tomas Ries made a study of which nuclear weapons are primarily intended or suitable for targets within the proposed zone.

The result probably coincides with what Olof Palme felt were the nuclear weapons that would have to be withdrawn in order to make the establishment of a zone possible. It emerges from the compilation by Ries that at least 1,350 Soviet and only 42 NATO nuclear weapons would be affected.

Ries also adds an additional 540 Soviet nuclear weapons that would fall within the definition of weapons "intended or suitable for targets within the area covered by the proposed zone." In this case, Ries is including Soviet submarines in the Norwegian Sea and the weapon systems that can be refitted with nuclear weapons.

Tomas Ries does not include Western and Eastern airborne nuclear weapons in his compilation. Nor does he include, for example, nuclear-armed torpedoes or mines.

Ries calculates that the Soviet Union has at least 132 nuclear weapons in the Baltic Sea, primarily on board surface vessels but also on some submarines. He is therefore ignoring the Soviet submarines armed with strategic nuclear weapons that frequently go in and out of the Baltic. NATO has no nuclear-armed vessels stationed permanently in the Baltic.

Soviet nuclear weapons in the Baltic are carried mainly on various surface ships. But mention is made of two Whiskey-class submarines of a rather modern type--Whiskey LB-SSG--each of which is armed with four SS-N-3 missiles.

The SS-N-3 is an older type of cruise missile, and in this version it has a range of between 180 and 450 kilometers. There are also three Juliett-class submarines in the Baltic Sea, and they, too, carry four SS-N-3 missiles.

In addition, the Soviet Union has six Golf submarines on fast patrol duty in the Baltic Sea. Each is armed with three SS-N-5 missiles with a range of 1,400 kilometers.

### Also North Sea

Ries also includes Soviet nuclear weapons on submarines and surface vessels in the North Sea and the Norwegian Sea which are intended to cover the Scandinavian area. Among others, he mentions a Hotel-class submarine which, with its three SS-N-5 missiles, has a range of 1,400 kilometers.

But the great majority of Soviet nuclear weapons in the immediate vicinity of the zone are land based. This involves between 871 and 1,042 short-range nuclear missiles. The exact figure depends on how one classifies the rockets and artillery that can be armed with either conventional or nuclear explosives.

The approximately 80 Soviet short-range nuclear weapons designated Frog-7, which have a range of 70 kilometers, are now being gradually replaced with the more modern SS-21 missile, which has a range of about 120 kilometers. The approximately 30 SS-12 missiles (range: 500 to 900 kilometers) will eventually be replaced with SS-22's, which have a range of 900 kilometers. The approximately 70 SS-1C's (range: 160 to 300 kilometers) will also be replaced gradually with the more modern SS-23, which has a range of 500 kilometers. But this modernization of the arsenal has barely gotten started.

#### Deployed in FRG

Lastly, on the NATO side, a total of 42 nuclear weapons would be affected by the demand for a withdrawal from the immediate vicinity of the proposed nuclear-free zone. They are deployed in Schleswig-Holstein. According to Ries, 6 of those are Lance missiles with a range of 110 kilometers, and 32 are nuclear-armed artillery pieces with a range of about 16 kilometers.

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CSO: 5200/2676

## RECENT STUDIES OF NATO ALTERNATIVE STRATEGIES REVIEWED

Bonn DAS PARLAMENT in German 3 May 86 p 14

[Review by Marianne Wollenweber of three recent studies of NATO alternative strategies: "Europa bewahren. Anmerkungen zur NATO-Strategie. Mit einem Vorwort von Georg Leber." [Protecting Europe. Comments on NATO Strategy. Foreword by Georg Leber] by Harald Kujat, Verlag Mittler & Sohn, Herford 1985; 168 pp. "Verteidigung statt vernichten. Wege aus der atomaren Falle." [Defense instead of Annihilation. Ways out of the Nuclear Trap] by Joachim Wernicke/ Ingrid Schoell, Koesel-Verlag, Munich 1985; 240 pp. "Atomwaffenfreie Zonen und Vertrauensbildung in Europa" [Nuclear-free Zones and Confidence Building in Europe] by Berthold Meyer, Campus Verlag, Frankfurt/Main, New York 1985; 151 pp.]

[Excerpt] The profusion of literature on Western security policy and on alternative defense concepts at the present time can hardly still be taken in at a glance. After the debate on the NATO two-track decision, the scientific and political controversies were fueled anew through the American project of an antiballistic missile system in space. Can the nuclear deterrence concept guarantee Western security, and what role do the Europeans and the Federal Republic play within the framework of NATO strategy? What alternative concepts to end the nuclear arms race are there? Does the American SDI research program stand up to scientific and political scrutiny?

The security policy and strategic conceptions in the West and the East, with a view to the special position of Western Europe in the North Atlantic Alliance, have been summarized by the security expert Harald Kujat. In view of the fundamental conceptual questions and the structural problems within the alliance, the author pleads for a new orientation of NATO.

The role of the Federal Republic and the contribution of the Bundeswehr [federal armed forces] to Western defense are dealt with in a purely descriptive manner. The development of American nuclear strategy led to mutually assured destructive capacity as the essential prerequisite for the American-Soviet disarmament negotiations and the coming into being of the treaty on the limitation of strategic defense systems (ABM). Kujat explains the strategic defense initiative of the American President from the logic of this situation and gives it altogether

a positive assessment. He pleads for a European contribution to the SDI Program from a purely strategic point of view. Unfortunately, he largely forgoes the formulation of the problem of the domestic political and ideological determinants that have led to this project.

In assessing the military strategy and force potential of the Soviet Union, he follows entirely the official NATO interpretation. Declarations by the Soviets renouncing the use of nuclear weapons have merely declamatory character, Kujat asserts, without taking into consideration the conditions of Soviet security policy from a historically justifiable feeling of being threatened.

On the other hand, he assesses NATO strategy as purely defensive. Although the NATO states, according to Kujat, viewed altogether, can rely on the political principle of deterrence, he nevertheless entertains doubts concerning whether the Europeans in the long run can rest content with the limited goal of protection against a war. Result: The attempt to sum up present NATO strategy in an easily understood manner surely is commendable, even if in essence it does not lead to new perceptions.

"How do you intend to protect us without destroying us?" This is the key question which dominates the popular, but very critical presentation of present security policy problems of the Federal Republic and NATO by Joachim Wernicke and Ingrid Schoell. The authors try to demonstrate that the deterrence concept of NATO and the American nuclear guarantee, if applied militarily, mean a guarantee of the destruction of Europe. The Federal Republic, they argue, has to bear the main burden of this "suicide defense", which in the meantime is being recognized in its danger not only by the broad population groups, but also by leading Western politicians.

In eight chapters, the authors sum up mainly the arguments of the peace movement, but in part also those of social democracy: They recount the development of nuclear deterrence since the end of the war and point out practical ways of changing the role of the Federal Republic in NATO; on this score, for example, they propose the prohibition of the stationing of nuclear weapons on German soil. They plead for the prevention of the Roger Plan, which, so they argue, merely helps to avoid the early use of nuclear weapons, and for the replacement of the nuclear balance of power model, which serves the dangerous self-propulsion mechanism of the arms race. Both authors, as against that, demand political and military stability through disarmament.

Special appreciation is merited by the sixth chapter, in which the authors not only reconstruct the debate over the stationing of medium-range missiles in the Federal Republic, but also explain competently, and nevertheless in terms comprehensible to the layman, the technical structure and the military operating breadth of the Pershing II missile. The difficulties of the SDI receive comparatively scanty treatment. In an in itself conclusive argumentation, Wernicke/Schoell, with reference to defense concepts presently being discussed, propose the withdrawal of all means of mass destruction from the Federal Republic and the conversion of NATO to a defensive, purely territorial defense.

In their critique of the contradictions of the Western nuclear strategy, the authors are able to base themselves on the evaluation of official sources, in

particular U.S. documents. In an outstanding manner, the book unites scientific analyses with the endeavor to inform the average citizen about the development and present state of NATO strategy, without a raised finger.

Berthold Meyer, scientific associate at the Hessian Foundation for Peace and Conflict Research (HSFK), likewise attempts to point out alternatives to the nuclear constraints of Western security policy. The diverse actions of the peace movement, he argues, have for the first time led to a broad public discussion of security policy questions, which has made evident the lack of legitimacy of the NATO strategy of "flexible response".

In this context, Meyer proceeds from a lack of rational arguments in the debate on the concept of a nuclear-free zone. He subjects the concept to a comprehensive definition. To the minimum requirements--permanent absence of nuclear weapons in a clearly delimited, geographical area, recognized by international law--he adds the supplementary stipulation of permanent neutrality in the case of an unintended nuclear war, whereby a contribution to the limitation of damage is to be guaranteed.

In a critical stock-taking, the nuclear-free zones existing up to now and the multitude of currently discussed models for a regional denuclearization are presented. Meyer illuminates the domestic political and international outline conditions of their origin and points out their shortcomings, poor definitions and contradictions. The reexamination of the realizability of the specified proposals and the consideration of the scientific investigations of the inherent difficulties lead him to the conclusion that a nuclear-free zone can be created in Europe, an act which itself already is confidence building.

Meyer presents in general terms a scheme for a gradualistic strategy of confidence building, which is based on socio-psychological principles. He develops a scenario that--in the most favorable case--is supposed to lead to the removal of nuclear weapons in Central Europe. To be sure, the assumption is made that unilateral initiatives or joint agreements in their steps "can be observed and appraised by friend and foe."

In a comparison of the strategy of "flexible response", the renunciation of first use, and the concepts for nuclear-free zones, the author--correctly, in my view--comes to the following result: He advises the politicians and military officials of the Federal Republic and its NATO partners to examine, in an unbiased manner, the concepts for a nuclear-free corridor (the Palme proposal and its gradualistic model). With the retention of strategic deterrence, according to the author, these are relatively capable of producing a consensus, stable during crises, and detente-oriented. Their realization would make it possible "to shelve the tottering formula compromise on the conduct of war with tactical nuclear weapons and thus to increase the credibility of the alliance inwardly and outwardly."

8970  
CSO: 3620/699

## ARMED FORCES GROUPS PROTEST DEFENSE POLICIES, PAY

Eleven-Member Folketing Group Opposed

Copenhagen BERLINGSKE TIDENDE in Danish 22 Apr 86 p 12

[Text] The eleven-man Folketing group has had its day, according to the journal of the regular personnel employed by contract, STAMPERSONEL.

"Only a broadly put together defense commission can create a stable basis for Danish defense policy of the coming years," the Central Union for Contractually Employed Regular Personnel (CS) wrote in the latest issue of the journal STAMPERSONEL.

The journal says that the eleven-man group in the Folketing has had its day. It sharply criticizes the group's power to do as it likes with personnel figures, stationing plans, and supply acquisitions without consulting the parliamentary defense committee. The mess in recent years concerning the task and size of the defense forces must be stopped, the article says.

"The problem is that there are several points in the defense agreement that the politicians do not want to live up to," CS Chairman Finn Busse Jensen said. "Therefore the top leaders in defense cannot make the necessary decisions."

CS urges the Folketing to establish a defense commission that will have the possibility of gathering all the good forces and ideas from the Dyvig report on the defense command's long range plans for advice and analysis.

Officers Criticize Pay, Training

Copenhagen BERLINGSKE TIDENDE in Danish 22 Apr 86 p 12

[Article by Nils Eric Boesgaard: "Officers in Pay Action"]

[Text] Defense Minister Hans Engell rejects the officers' demand for higher pay and a relocation of draftee training: "There is no money in the middle of a budget period, and officers know they may be transferred."

Thirty officers in the Norrejyske Artillery Regiment in Skive are threatening to resign as a group if defense headquarters does not find more money for them.

The angry officers, who are from 24 to 37 years old, are particularly dissatisfied with the pay discrepancy they feel exists between military and civilian jobs. After a discussion with a representative of defense headquarters, they are now awaiting new developments before 7 May.

Similar problems have ravaged the Air Force, in which so many pilots have gradually left that it has become more and more difficult to maintain preparedness.

"As far as wages are concerned, we have no possibility in the middle of a budget period to give raises to a small group of specially selected people," Engell said in a comment on the officers' action.

"I have previously stated that there are some problems in the employment of a large group of officers, and this is something we intend to discuss in connection with coming agreements."

The officers are also complaining that draftee training is to be moved from Skive to Varde. This will mean that some of the officer corps must move with them, but according to their spokesman, Jan Heine Pedersen, only a very few have the means to change their place of residence.

To this the defense minister answers: "As far as moving the training place of the artillery draftees is concerned, every officer knows that he may have to change duty stations a few times in the course of his career."

#### Officers Threaten to Quit

Copenhagen BERLINGSKE TIDENDE in Danish 23 Apr 86 p 10

[Article by Nils Eric Boesgaard: "Transfer Will Cause a Loss of 100,000 Kroner"]

[Text] Thirty officers of the Norrejyske Artillery Regiment in Skive are awaiting a move by the defense command. If it is negative, they will seek civilian jobs.

First Lieutenant Jan Heine Petersen, spokesman for B-officers in the Norrejyske Artillery Regiment in Skive, says, "It will cost us 100,000 kroner per man if we move to Varde."

The unrest among the officers in Skive is the latest development in the economic and employment uncertainty that is at the moment plaguing the defense establishment. It has been seen especially in a devastating flight of pilots and technicians from the Air Force, but it has also caused many young officers in the other branches to become frustrated and to go over to civilian life.

The approximately 30 officers of the artillery regiment have acknowledged that no wage improvements are possible at present. Defense Minister Hans Engell said yesterday to BERLINGSKE TIDENDE that it was impossible to find money for them in the middle of a budget period.

"I receive a good 13,500 kroner a month after all the supplements are added in," Petersen told BERLINGSKE TIDENDE.

"Be that as it may, the real problem is the prospect that all the training of draftees will be moved to Varde from the summer of 1987 on.

"Of course we know the conditions, and we know that we must accept being transferred. But here we have quite an exceptional situation in which all the officers in the training unit of four batteries will be moved at one time.

"This will mean completely unacceptable human and economic problems for the regular personnel who will also move and whose families will also be caught up in the mess.

"Many will have to sell their houses in Skive. Prices are considerably higher in Varde, where the oil and natural gas industries around Esbjerg have driven costs so high that one can easily pay 100,000 kroner more than for an equivalent house in Skive.

"To be sure, we get a moving allowance, but this does not at all cover the expenses, and it is also taxed as income," Petersen added. He is now, together with his fellow officers, waiting for the defense command's next move.

"If it is not satisfactory, we will advertise our services to the private sector, where many people are interested in us and our abilities," he added.

Officer training is today very attractive to the private sector, both for the administrative ability of the A-officers and the technical qualifications of the B-officers. The following table shows what the defense department pays young officers in attractive ages groups in, for example, Skive:

A-Officers  
(Line officers)

Newly appointed first lieutenant Wage frame 16.1	kr. 12,230 + kr. 746
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Final pay for captain Wage frame 29.1	kr. 16,299 + kr. 1,060
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Final pay for major Wage frame 31.3	kr. 17,891 + kr. 605
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B-Officers  
(Technicians)

Newly appointed first lieutenant	
Wage frame 9	kr. 11,719 + kr. 1,359
Final pay for captain	
Wage frame 24	kr. 15,735 + kr. 1,211
Final pay for major	
Wage frame 31	kr. 18,288 + kr. 605
Evening supplement (per hour)	kr. 7.97
Night supplement (per hour)	kr. 9.84
Saturday supplement (per hour)	kr. 16.68
Sunday supplement (per hour)	kr. 25.01
Twenty-four hour supplement (Service in 16 of the day's 24 hours)	kr. 305

9124  
CSO: 3613/111

## ALTENBURG SAID CONCERNED FOR FUTURE BUNDESWEHR DEFICIENCIES

Hamburg DER SPIEGEL in German 12 May 86 pp 63-65

[Unattributed article: "Limited in Time"]

[Text] The Bundeswehr has considerable problems with personnel and materiel planning, but there can be no discussion on solutions until the Bundestag election.

Inspector General Wolfgang Altenburg has a stock reply whenever he is asked how he pictures the Bundeswehr at the end of the century, in view of the lack of recruits and empty budget coffers: "I was given the job of planning up to 1995." If he had gone more in detail into his planning paper recently submitted to the parliament, it would have become all too clear that Manfred Woerner's previous promises that everything could go along as before, even in the 1990's, could no longer be kept. What Altenburg warns about with the following veiled allusions does not fit in with Woerner's picture of his Bundeswehr as the best of all armies:

- The Bundeswehr cannot maintain its authorized strength in the 1990's;
- the money for the ambitious procurement programs is lacking;
- the army's strike power leaves something to be desired.

According to current predictions, extending compulsory military service from 15 to 18 months -- passed by the Bundestag against the votes of the SPD and the Greens -- is not sufficient to continually keep 456,000 men under arms and call up 300,000 reservists every year for exercises. But Woerner and his partners still plan to do that. Altenburg says in his paper that a year after the 1988 elections it must already be decided "what measures are to be taken when in order to assure a required availability of personnel even in the second half of the 1990's." Otherwise there will be a lack of about 20,000 long-term personnel from 1995 on. For that reason, Altenburg is thinking not only of enlistment bonuses and transition allowances for volunteers, career management and protection against unemployment for those leaving the service, but also of the voluntary service of women in the Bundeswehr. But he is not allowed to say so. Federal Chancellor Helmut Kohl and the minister of defense have quite simply forbidden the military officers from talking out loud about female soldiers. "What kind of leadership style is that anyway, which tells

the inspector general to refrain from thinking beyond 1995," SPD representative Horst Jungmann says indignantly.

The Christian Union is afraid of a new provocative topic in the Bundestag election campaign. According to analyses by the CDU campaign planners, the extension of compulsory military service to 18 months starting in 1989 has aroused considerable uneasiness and reluctance among young voters. Now they may have to be additionally saddled with trouble with young women. As it is, both groups did not exactly lean in a majority toward the CDU/CSU. Woerner, who had previously always claimed that his personnel planning was "realistic," had to admit that there were actually "risk factors, factors of uncertainty" in spite of the extension of compulsory military service. And the inspector general answered his generals' critical questions: "Should I pack my bags because of this?"

The minister of defense has also based his materiel planning on shaky ground. The prices for the big procurement projects are rising much more quickly than expected, as is evident from Altenburg's paper. The new fighter plane, the frigates, PT boats, submarines, antitank helicopters, bombs and rockets are getting more expensive from year to year and are getting to the military units much later than planned. Moreover, there are only "estimated costs" for a number of development and procurement projects, as Altenburg admits. The inspector general therefore submitted his plans in "constant prices." This means that inflation rates were not taken into account, since they could provoke "price rises." Even today, in 1985 prices, more than seven billion marks are lacking for the next 12 years, according to Altenburg's calculations. Thus, despite Minister of Finance Stoltenberg's economization plans, Woerner and his inspector general have to hope for more money in the coming years. Still, Stoltenberg believes that the defense budget should be increased only slightly: from 52.1 billion in 1987 to 55.3 billion in 1999. Altenburg said: "The outlined financial conditions for the 1987 Bundeswehr plan have "deteriorated noticeably in comparison with 1986."

Defense Minister Woerner has included only a few million marks so far for his latest project of billions, although he is at present propagating a European counterpart to US President Reagan's SDI star wars program at all NATO sessions. He is urging the alliance to develop and build an air defense system for Western Europe which can shoot down not only aircraft, but also short-range missiles and cruise missiles. Following the pattern of America's SDI, the program even has a name already: European Defense Initiative (EVI [EDI]). Of course money is only there for theoretical research. According to the inspector general, the initial plans "for the time being ... do not permit meeting additional requirements from big technology programs such as SDI or Eureka."

The Bundeswehr plan also for the first time clearly contains criticism of the defense ministry's materiel ventures and procurement officials: "Sometimes industry can not technically meet the ambitious goals, or not meet them on time; sometimes management cannot generate the pressure needed for speedy procurement because of its personnel staffing." Also, transfer of technology is obviously not going smoothly with the Americans in spite of assertions to the contrary. "In many cases ... the scope of action is limited by dependence

on cooperation partners, especially on the USA." Even after concluding the SDI and technology agreement, the Pentagon is holding back necessary data for mutual production. Latest example: the production of the American-German Ram anti-missile missile, which is intended for protecting ships against missiles, cannot start until the 1990's at the earliest.

In his Bundeswehr plan, which is currently circulating in 116 copies in the ministry of defense, the inspector general also criticizes the quality of the Bundeswehr. The inspector general says in his assessment that the NATO commander in chief has "high expectations with regard to further rises in performance of the Bundeswehr," but that there is still "doubt" in the alliance whether the goals can even be attained. Altenburg's plan furthermore notes that the "accomplishment of the mission" is still "impaired by numerous deficiencies:"

- The command capability of the armed forces remains limited in spite of modern information systems and means of communication.
- The capabilities for gathering intelligence are inadequate; a prompt "location and engagement" of the Warsaw Pact's second echelon is therefore not possible.
- In spite of considerable improvements in stockpiling ammunition, there are still "considerable gaps" in modern shells, bombs and rockets.
- The protection of bases, airfields, antiaircraft batteries, command posts, communication installations and supply depots against air attack is inadequate.
- The ability to combat cruise missiles and rockets will be attained "in initial stages" at the start of the next century at the earliest.

Moreover, because of a lack of soldiers, the Bundeswehr cannot help but reorganize and reduce the divisions, corps and territorial army in the coming years. A "substantial strengthening of the army's conventional defense capability" will not be attained; but it would be needed if the dependence on nuclear arms is to be lessened. "Nuclear weapons," Altenburg lectures, are "political weapons." A nuclear war should not arise "from battlefield emergencies." But the military men are far removed from this goal in spite of the programs of billions for conventional armament in the past 15 years.

The inspector general deems that the Bundeswehr could still fulfill its mission in peace and crisis "in spite of personnel weaknesses already existing now." Altenburg, who is going to Brussels on 1 October as chairman of the NATO Military Committee and thus becomes the highest-ranking soldier of the alliance, says that "the German armed forces will be able to fulfill their mission in war with the above-mentioned limitations in a manner limited in time."

13084  
CSO: 3620/698

## EFFORTS TO REPAIR ELECTRONIC WARFARE DEFICIENCIES URGED

Rotterdam NRC HANDELSBLAD in Dutch 18 Apr 86 p 2

[Article by Dick van der Aart: "Electronic Warfare--Shooting back by Radio. For Right Now the Netherlands Must Repair Serious Deficiencies in the Battle with Jammers"]

[Text] Rotterdam, 18 Apr--The Americans call it "EW, electronic warfare," the Soviets "radio-elektronnaya bor'ba," and the Netherlands armed forces "EOV, elektronische oorlogvoering." Different names for the same task: to irritate and block the enemy by listening to his radio communications and disrupting them where it can be useful.

It has just been announced that the Army will be permitted to acquire 660 million guilders worth of equipment so that it too will be able to fight in the mysterious area of electronic combat.

This is supposed to permit the Netherlands to repair serious deficiencies in the next 10 years. The British and the Germans, with whom the Netherlands I Corps is to defend a good piece of the Federal Republic of Germany, have had operational EW capabilities for years. On the other side of the border the Group of Soviet Forces in the GDR possesses an arsenal of equipment with which to make things as difficult as possible for the NATO units in the North German Plain.

For the Soviets, radio-electronic warfare is completely integrated into their military attack doctrines. The Pentagon in Washington assumes, at least according to published reports, that at least one third of all NATO communications equipment can be rendered useless by jamming in case of a Soviet attack. The rest is high on the list of priorities for physical attack, as by missiles and tactical aircraft.

In land warfare radio traffic plays a particularly dominant role. The ability to locate the enemy's communications channels or--better yet--to listen in on them can provide a wealth of information. It is not always necessary to decipher encoded reports to accomplish this--although of course stubborn attempts are made to do that. Just locating the transmitter and determining the kind of conversation (between what command levels) can give a good indication of an enemy unit's plans.

## Intentions

The number of reports from a given transmitter, however little is known about the source, can be analyzed (traffic analysis) to give some idea of a force's intentions. A sudden large increase in radio traffic in the enemy area, for instance, is a clear indication that something is about to happen or that something unexpected has happened.

The Army has its own receiver station in the area of Eibergen to listen in constantly on radio communications in East Germany, Poland, and Czechoslovakia. From the end of 1988 this listening center will also house the standing EW company that is to be set up in I Corps.

This colocation is undoubtedly inspired by the desire to share with the newcomers the experience already acquired in communications intelligence (comint). What the tall antenna masts near the German border pluck out of the ether is analysed in modern computers and that provides a wealth of data. Of course the results of this eavesdropping are kept strictly secret.

Among the data stored in the computers and quickly available for comparison with new signals are the call signs of army units or operations and the peculiarities of individual radiotelegraphers. Each individual signalman can be recognized by his hand. Given that, it is possible, for instance, to determine that a given Soviet telegrapher has been sharing his unhappiness with a vodka bottle or--more importantly--that he has been transferred with his unit to a new, hitherto unknown location.

Electronic warfare is not just passive. The enemy's traffic can be disrupted to sow confusion or prevent combat operations. A difficult tactic known as long ago as World War II is to force one's way into the enemy radio systems and give misleading reports to the enemy's troops. All countermeasures have to be very well coordinated with one's own troops because otherwise the intentionally created confusion can boomerang. The primary goal of EW is to disrupt the enemy's command and control system and to protect and keep intact one's own as far as possible.

At the end of this year the Netherlands plans to place a first order for 360 million guilders worth of radio surveillance equipment and advanced jammers, which are to be installed in Army vehicles. Later stages of the EW project, which runs to 1994, will see the acquisition of equipment to locate and jam the enemy's field combat radars.

The Soviet armed forces have acquired extensive experience in radio-electronic warfare. From open sources, it is known that the Soviet Army has special units equipped with vehicles and helicopters to listen in on, locate, jam, and deceive NATO radio communications and radar equipment. In exercises Soviet troops and Warsaw Pact armed forces devote a great deal of attention to the use of electronic equipment, often in cooperation with special aircraft equipped with powerful jammers.

Of all NATO armed forces, the Americans are the leaders in electronic warfare. Besides direction-finding stations and jammers on the ground, the American military in Germany also has airborne systems. Guardrail V is the codename for the automated, airborne eavesdropping systems of the military intelligence battalions in Ramstein and Wiesbaden. Intercepted signals are forwarded almost instantaneously to analysis centers on the ground. Quick Fix is the codename for a helicopter with jammers and Quick Look describes two-engine aircraft used to detect enemy radar systems.

The Netherlands armed forces will never be able to afford the millions for these systems. 660 million guilders is a massive sum but it is not possible to acquire more than the basic equipment with it. An additional financial handicap for a small country is the lack of coordination in this area. Within NATO there is not a great deal of cooperation in the area of electronic warfare. Each country, ally or not, prefers to keep its activities and progress in this area secret. Defense State Secretary Van Houwelingen notes in his situation report that he would like to come to some agreements with the Federal Republic of Germany because the armed forces of the two countries operate alongside one another in the North German Plain. That may well be why two of the three firms selected to provide the Netherlands with the knowledge it needs are from Germany: Rohde & Schwarz in Munich and AEG in Frankfurt, two famous firms in the field of military radio equipment. The third candidate for the Netherlands order, the California branch of GTE, has been making jammers for years for the U.S. Army in Germany. All of these companies and their many competitors have one thing in common: in their advertisements they heartily support the military's position that an electronic barrage from the ether works on the enemy's nerves faster than a salvo from the best cannon.

12593

CSO: 3614/98

MILITARY

NORWAY

SPECULATION MINISUB MAY HAVE CUT SEA BOTTOM CABLE

Oslo KLASSEKAMPEN in Norwegian 1 Apr 86 p 2

[Article by Kirsten Karlsen]

[Text] Did a foreign underwater vessel cut the TV cable at the Brevik traffic control center in Frier Fjord on 7 February? The police and the navy have not ruled out this possibility. The cuts in the cable at 4 1/2 cm intervals could be the traces of an underwater vessel running on treads. But no other traces were found on the ocean floor. And there were no surface vessels in the fjord when the TV picture disappeared.

"We are not hiding the fact that we considered the possibility of an underwater vessel. But so far we have not found anything to prove it," said police chief Tom As Andersen of Porsgrunn.

"Our opinion is that it is unlikely that a submarine would risk entering Frier Fjord, where the current is very strong. The most likely explanation is that a boat's grapnel got caught in the cable. But these days one can't rule out anything. Most Norwegian fjords are of some interest to foreign powers," said Captain Tor Toftheim of the Horten Naval Command.

Toftheim confirmed that the military had sent frogmen down in Frier Fjord and was continuing to keep an eye on the case.

It was between 0400 and 0430 hours on 7 February that the TV picture at the traffic center at Brevikbrua disappeared. The traffic center uses a TV camera to supervise movements in the fjord. The cable, which lies on the bottom of Frier Fjord off Stromtangen, has been there undisturbed for 6 or 7 years.

Break

It was not until a week after the TV picture disappeared that the traffic control center sent divers down to look at the cable. It turned out that the cable, which has a breaking strength of 10 tons, had been broken. The break occurred at a depth of 27 meters where the cable is 50-60 meters from shore.

In several places the cable had been pressed flat. The protective plastic covering was partly torn off and cut in some spots. The damage suggests a sharp object. Perhaps the most interesting discovery was cuts at intervals of 4-5 cm on the cable. These could be traces of a vessel running on treads. If a submarine was involved, it was an intruder.

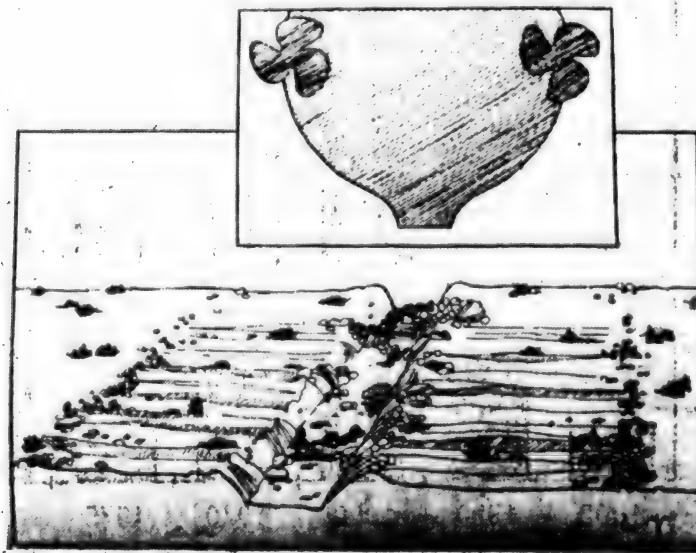
#### Navy Frogmen

That is why three navy frogmen were sent down to the place where the cable was broken several weeks ago. But aside from the cuts on the cable, they found nothing to confirm their suspicions. There were no tracks on the ocean floor around the cable.

#### No Boats

The police wonder if the cable could have been torn up by a propeller. But the cable lies on the bottom and would have to have been pulled up by a hawser. And a nylon hawser was found floating on the surface above the location of the break. The hawser could have come from a ship that dragged the cable in some way until it broke. The problem with this theory is that there were no vessels in the area when the TV picture disappeared.

A grapnel was also found on the bottom near the location of the break. But it was old and had been lying there for a long time.



This illustration accompanied the Swedish submarine report issued in the spring of 1983 and shows the tracks left by a minisubmarine on the ocean floor.

Unexplained

"We are faced with an unexplained break. We have no concrete facts that would support one theory over another. We have no explanation that seems overwhelmingly probable," said police chief Tom As Andersen.

Over the Easter holiday the cable will be taken up for repairs. At that time navy frogmen will go down again and try to find traces of this mysterious cable break.

6578

CSO: 3639/102

## AIR FORCE PILOTS DISCUSS REASONS FOR LEAVING SERVICE

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 86 p 6

[Article by Omar Magnergard: "Job Restrictions for Military Pilots Must Go"]

[Text] Jan-Olov Gisselson, 34, is a captain and acting chief of the reconnaissance division of the Bravalla air wing in Norrkoping. At the end of the year he and 40 other pilots will leave the air force. Another 60 have requested leaves of absence.

Why?

"I am thinking of my future. I would rather be sitting in a cockpit than behind a desk 6 years from now," Jan-Olov replied. "And I want a settled life for myself and my family."

During his career as a pilot he has been stationed in Ljungbyhed, Uppsala, Lulea and Soderhamn.

Now Jan-Olov and his wife Kerstin have acquired two children and a house in Norrkoping. If they move again it will be to the Arlanda area.

Double Pay

Jan-Olov Gisselson has had two job interviews with Linjeflyg. A pilot working for that company gets about twice what a Viggen pilot is paid.

"But I am not sure I will get the job--even though I will be out of work in 1987. SAS, Linjeflyg and the other civilian airlines can hire no more than 10 former air force pilots next year. That is contained in a government directive in the budget bill. (In 1985-86 civilian airlines were allowed to take a maximum of 25 pilots from the air force.)

Jan-Olov Gisselson sees the government guideline as a job restriction. Flying is his life. He wants to continue flying after he is unable to do so as a combat pilot. Military pilots are given ground duties when they reach 40-45. Pilots flying for civilian airlines can fly until they are between 55 and 60 if they stay in shape.

An air force pilot in his thirties earns around 13,000 kronor a month--including flight pay and other supplements. An SAS pilot in the same age group earns 20-25,000 kronor.

To keep pilots in the air force, former Defense Minister Anders Thunborg proposed a bonus system last summer. The bonus is paid at the age of 38 and the maximum is 15 times base pay, 345,000 kronor.

Jan-Olov meets the requirements for the highest bonus and has 4 years to go before he is eligible for it.

"The bonus is added onto one's pay and is taxed. That means that I might have 100,000 kronor left out of the grand offer. No, the bonus doesn't tempt me. And as I said--it's not just a question of pay. Working conditions, satisfaction and future prospects are just as important."

It costs society 10 million kronor to turn a raw youngster into a confident, top-level Viggen pilot

#### Losing 20 Percent

The air force staff and the Defense Ministry are very concerned today. If all 100 pilots follow through it means the air force will be losing around one out of every five pilots.

"The situation is extremely serious," according to Lieutenant Colonel Bo Hellstrom of the air force staff. "The best thing that could happen now would be to give pilots a free job market again. What is regarded as a job restriction has led to a lot of dissatisfaction."

Some people in the air force staff and the Defense Ministry will view the resignations and leaves as a source of heavy pressure. Wage negotiations have been under way with the Contract Board since the beginning of the year.

One of the pilots' demands is the elimination of the "job restrictions." Another is a pay increase of around 25 percent.

All agree that the air force can't really afford to lose another pilot. The military is still suffering from the effects of the big defections to civilian airlines in the early 1980's.

Jan-Olov Gisselson feels the authorities did not put their house in order in time and that it is their own fault that they are now in a bind. And what would he do if he were Roine Carlsson?

"I would start competing with the job market that is stealing the air force pilots, using democratic methods."

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CSO: 3650/183

## NEW BANK OFFICE IN PEKING OFFERS SUPPORT TO FRG BUSINESSES

Duesseldorf HANDELSBLATT in German 8 Apr 86 p 8

[Article by fk: "Beijing Appreciates Willingness to Transfer Technology"]

[Text] The West German Landesbank, Duesseldorf, is the first Landesbank and the fifth German credit institute to open an office in Beijing. Chairman of the board Friedel Neuber, and the chairman of the WestLB advisory board, North Rhine Westphalia's Economics Minister Reimut Jochimsen, stressed in Beijing that the reform course of the People's Republic in the medium-term opened up promising prospects, especially for smaller enterprises.

In taking this step, the West German Landesbank (WestLB) followed three large German commercial banks and by a few days, lost out to the Bayerische Vereinsbank for fourth place. How far-flung and international the interest of large banking establishments is in the opening Chinese economy is shown by the number of bank offices in Beijing, which has grown to 73. The banking corridor in the Jianguo Hotel has already been nicknamed Little Wall Street. Klaus R. Schroeder (until now branch manager in New York) is in charge of the WestLB office in Beijing, where the opening ceremony in the "Great Hall of the People" was attended by more than 500 high-ranking Chinese guests.

Within the framework of the seventh 5-year plan (1986-1990) which will shortly come into force, the WestLB no longer expects a trade expansion as explosive as during the past 5 years. In 1985, German exports jumped by 116 percent to DM 6.4 billion (imports rose by 5.8 percent to DM 2.6 billion). In the over-all Chinese foreign trade balance a \$ 14.9 billion gap appeared, so the Beijing economic planners want to steer a consolidation course over the next 2 years. But the WestLB leadership and local German economic representatives are agreed that opportunities remain high, particularly for the FRG economy.

The major reason for this is that German companies in their activities are much more willing to accept a combination of trade transactions and technology transfer than Japanese enterprises, whose strong preponderance is disliked by the Chinese economic technocracy. According to Jochimsen,

there exist at present over 400 cooperation agreements, ranging from production with German supervision and production under licence to true joint ventures. The trade promotion office established in Beijing in 1985 lists a total of 13 such German-Chinese joint ventures (above all the Shanghai Volkswagen Automotive Co. Ltd.); about sixty are being negotiated at present; 60 German enterprises have representations in Beijing.

The acquisition efforts of WestLB in China, beyond foreign trade and project financing, are directed at international financing for Chinese firms. As long as the bank could only operate out of the Duesseldorf central office and the Hongkong branch, it was not permitted to carry out the latter transactions. Chairman of the board Neuber indicated in Beijing that, after the two DM loans already negotiated by China, a third DM capital procurement measure is expected in 1986, in which the Landesbank is preparing to play a major role in the consortium. It was learned that China is preparing to take up a foreign currency loan of \$ 1.7 billion net in 1986, despite the interposed consolidation phase.

On the occasion of the opening ceremony it was stated that WestLB--which, according to Neuber, also assumes many tasks for other state banks--"has begun concrete negotiations on loans of considerable amounts." The WestLB in China banks especially on cooperation with the Chinese Industrial Commercial Bank (ICB) which, "like savings banks," specializes in commercial development and, according to its own statements, has over 20,000 branch offices and 200 million savings accounts. In the FRG, WestLB's expansion to Beijing is to be complemented by the establishment of an advisory service for the bank's clients, and for savings banks in North Rhine-Westphalia in particular.

Evidently, the Chinese place particular importance on cooperation with smaller enterprises in further economic development. However, North Rhine-Westphalian economics minister Jochimsen had to admit in Beijing that the smaller enterprises being courted right now may be surprised in particular by changes in Chinese development policy goals. Those are undeniable risks, despite all support for entrepreneurs willing to cooperate. But like the East Committee of German Industry, Jochimson rules out a wave of contract cancellations as in 1980-1981.

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**SIGNIFICANT RISE IN JANUARY 1986 EXPORTS**

Athens I KATHIMERINI in Greek 22 Apr 86 p 11

Text There was a sharp 10.5 percent rise in the value of exports (in dollars) in January 1986 compared to January 1985. As noted in the monthly bulletin of the Exports Research and Studies Center (KEEM), exports of agricultural products did much better than exports of industrial goods.

More specifically, in January 1986, exports amounted to 466 million dollars compared to 421 million in January 1985. This increase becomes significantly greater if the value of exported petroleum products is not computed (+16.6 percent).

The following developments are observed from the KEEM statistical data:

The increase in exports in January 1986 compared to January 1985 is due to the spectacular increase in the export of "chemical items" (+54 percent), "foodstuffs and live animals" (+43 percent), "transport machines and materiel" (+34 percent), "miscellaneous industrial items" (+30 percent) and to the smaller increase of "vegetable and animal oils and fats" (+12 percent) and "industrial goods classified as raw materials." On the other hand, there was a decrease in the export of "mineral fuels and lubricants" (-46 percent), "raw materials" (-18 percent) and "spirits and tobacco" (-9 percent).

As for the geographical distribution of exports in January 1986 compared to January 1985, a spectacular increase was noted to EEC member countries (+23 percent) and to socialist countries (+59 percent). More specifically, exports to EEC member countries is due primarily to an increase of exports to West Germany (+34 percent) and Italy (+42.4 percent) and secondly to Spain's and Portugal's entry into the EEC. (Exports to these latter two countries amounted to 5.3 million dollars in January and represented 1.1 percent of the overall exports during the month).

Thus, an increase in the concentration of Greek exports to a given geographic area, namely the EEC, has been observed (57.1 percent of the overall exports compared to 51.3 percent last year) to the detriment of the EFTA and "other OECD countries" where Spain and Portugal were previously listed. Moreover, the increase of exports to socialist countries is due to an increase to COMECON countries (Bulgaria, Romania, East Germany and the USSR) as well as to non-COMECON countries (China and Yugoslavia). On the other hand, there was a drop in exports to the countries of South America (-18 percent), Middle East and North Africa (-10 percent) and to the other OECD countries, while exports to EFTA countries became almost stationary.

## REDUCTION IN CURRENT ACCOUNTS BALANCE DEFICIT

Athens I KATHIMERINI in Greek 23 Apr 86 p 11

Text During the first 2 months of 1986, the current accounts balance deficit dropped to 488 million dollars compared to 737 million dollars during the same period last year, i.e. it dropped by 33.8 percent. Calculated in ECUs European Currency Units, the deficit decreased by 44.7 percent. The above Bank of Greece statistics were made public yesterday by Minister of National Economy K. Simitis who stressed, "We are moving within the context of our goals."

The minister said that February was the month when developments showed positive elements and that that was the result of the implementation of the economic stabilization policy. Of course, he added, in order to have a complete picture there must be time and also data would have to be collected for several months. Already, however, the 2-month data are encouraging and, besides, it must be kept in mind that the first months of the year are among the worst, while the balance is seasonally improved during the summer.

Mr Simitis stressed that the measures have already begun to yield results and that statistics prove this.

More specifically and according to statistical data provided by the Bank of Greece, the following occurred in February:

- The current accounts balance deficit dropped to 243 million dollars compared to 323 million dollars during the same month last year. This overall drop is due to the drop in the foreign trade balance deficit.
- Imports, not including fuel, amounted to 541 million dollars compared to 522 million dollars in February 1985, i.e. they increased by 3.6 percent.
- Exports, not including fuel, amounted to 284 million dollars compared to 224 million last year, i.e. they showed a 26.8 percent increase.

Mr Simitis added, however, that if the calculations are made in ECUs, then we have a decrease in imports by 23.8 percent, a drop in exports by 7 percent and a decrease in the foreign trade balance deficit by 38.6 percent.

More specifically and in accordance with statistical data of the Bank of Greece, the balance during the 2 month period, January-February, in the last 3 years was as follows:

	<u>1984</u>	<u>1985</u>	<u>1986</u>
Imports	1,724	1,726	1,642
Exports	747	661	700
Trade Balance	<u>-977</u>	<u>-1,065</u>	<u>-942</u>
Invisible resources	645	625	785
Invisible payments	295	297	331
Balance	<u>350</u>	<u>328</u>	<u>454</u>
Current accounts balance	627	737	488
Movement of capital	684	726	649

In the meantime, there was a sharp drop in the influx of private capital. It dropped to 113 million dollars compared to 303 million last year.

As for currency assets, there were 2,042 million dollars at the end of February compared to 1,045 million last year. The increase is due to the readjustment, on the basis of 65 percent of the average market prices, and of the value of the assets in gold.

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CSO: 3521/136

**INDUSTRIAL PRODUCTION CONTINUES TO RISE**

Athens I KATHIMERINI in Greek 8 May 86 p 11

Text Through the perseverance of the austerity measures industrial production rose for the fifth consecutive month. As indicated by the Statistical Service, the industrial production indicator showed a 8.4 percent increase in February compared to the corresponding month of last year. The rise is attributed to an increase in demand by consumers that was manifested immediately after the stabilization measures of October 1985 and that led to a reduction in industrial reserves.

Specifically, the Statistical Service announced the following:

The industry, mines and municipal electricity and gas production indicator for February 1986, compared to February 1985, was as follows:

1. The industry, mines and municipal electricity and gas production general indicator showed a rise of 6.2 percent.
2. The mines production indicator showed a drop of 6.6 percent.

The movement of this particular indicator was influenced by the corresponding (falling) movement of the composite sulfides --barium sulfates, bauxite and magnesite, as well as the ores --nickel and lignite, indicators, despite the contrary (rising) movement of the quarry, construction materiel, chrome ore and manganese indicators.

3. The industrial production indicator showed an increase of 8.4 percent.
4. The municipal electricity and gas production indicator showed a drop of 2.4 percent.

More specifically, the electricity production indicator (quantitative unweighted indicator) showed a drop pf 2.4 percent.

Moreover, the average movement of the above indicators during the 2-month period January-February 1986, compared to the corresponding period of 1985, was as follows:

1. The industry, mines and municipal electricity and gas production indicator showed an increase of 5.5 percent.

2. The quarries production indicator showed an increase of 3.2 percent.
3. The industrial production indicator showed an increase of 7.1 percent.
4. The municipal electricity and gas production indicator showed a drop of 2.6 percent.

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CSO: 3521/143

## BRIEFS

**PRODUCTIVITY RISES**--According to an announcement yesterday by the National Statistical Service of Greece, the general production index for mines, industry and electricity increased by 3.7 percent in January 1986 compared to the corresponding month in 1985. The index developments in each sector were as follows: the mines production index increased by 14.5 percent. The development of this index was affected by the corresponding (upward) development of the indices for lignite, quarries, construction materials, bauxite and chromium-magnesium ores, etc., despite the drop in the indices for magnesite, mixed sulphides, barium sulphate and iron-nickel ores. The industry production index increased by 3.7 percent and its development was affected by the (upward) development of the indices for metal minerals, basic metallurgical products, textile products, shoe and wear apparel items, electric machines/appliances, etc., paper, various industries of metallurgical products and coal-oil byproducts despite the (downward) development of the indices for foodstuffs, beverages, transportation means, plastic and rubber products, printing, lumber, leather, chemical products and furniture. The gas-electric production index shows a drop by 2.9 percent. More specifically, the electric production index (incalculable quantitative index) shows a decrease by 3.0 percent. [Text] [Athens I KATHIMERINI in Greek 10 Apr 86 p 11] 7520

CSO: 3521/134

**BUSINESS LEADERS SEE RISK IN OVERHEATED STOCK MARKET**

Stockholm DAGENS NYHETER in Swedish 13 Apr 86 p 10

[Article by Jan Wifstrand]

[Text] Cautiously optimistic, convinced of a long-term upswing and at the same time somewhat nervous--that is how one could describe a majority of stock market observers just now.

But there may be divided opinions as to whether the strong upward trend on the stock market is a good thing in the broader perspective.

"It is not really very good when an upturn is as strong as it has been lately," said Bengt Jerand, managing director of the Sodra wage-earners' fund. "It increases the risk of a strong negative reaction.

"The market seems to have already discounted a further decline in interest rates. And oil prices are not a stable factor on which to base expectations. I do believe in a long-term rising stock market, but the trend is certain to level off compared with recent developments."

Roland Spant, chief analyst for the Central Organization of Salaried Employees [TCO] who has studied the stock market from several more long-range angles, views the development from the outside, as a nonparticipant:

**Big Fluctuations**

"Not much research has been done into the consequences of stock market fluctuations," he said. "But personally I do not think that overreactions, big changes that only benefit speculatively-inclined investors, are a good thing. People who are not rich but rely heavily on the savings they are prepared to invest can hardly take a chance on participating when the fluctuations are so large."

This caution also seems to be reflected by leading actors on the stock exchange. Stock Investment president Lars-Erik Forsgardh strongly emphasized the importance of spreading the risks.

"There is every reason to be a little cautious now, because there is a real risk that people might pay too much for stocks. But this does not mean they should not buy any. It just means they should purchase them on various occasions."

Stock Investment is now stressing a campaign to improve tax conditions. It will probably wholeheartedly encourage the work of the present capital gains committee.

#### Could Go Up

"We want a reduction of the tax on real profits, but we are concerned about new breaches of the government's promise not to increase the tax burden on stocks as a form of savings," said Forsgardh.

Gunnar Ekdahl, president of the Hevea investment company, is more optimistic. Perhaps this is not surprising--Hevea became the biggest owner of the Trelleborg rubber company in November, the company that did the best on the stock exchange during the recent upswing (see table below).

"At the beginning of the year I thought the stock market would go up 35 percent," said Gunnar Ekdahl. "Now I think there could be a further upturn of 20-25 percent.

"If one looks at the different factors behind the development to date, the contract agreement reached last week is significant. Two-year contracts are very important for companies and for the stock market. Constant negotiations create uncertainty."

#### Median Value

There are several ways of describing the recent stock market upswing. Here are some statistics selected at random that further illustrate the development:

The shift in the trend occurred at the end of August. The really strong upturn began in mid-October. Therefore DAGENS NYHETER selected a 6-month perspective starting on 10 October 1985.

Since that time the AFFARSVARLDEN index has risen by 65 percent.

The median value, in other words the value that does not take into account how much weight stocks have in the index, went up 38 percent. The difference provides numerical proof that the heavily-weighted companies have outpaced the rest. Electrolux and Volvo, for example, were among the companies making the biggest gains.

Look at the table of individual winners during this period. Trelleborg heads the list with an increase of 159 percent in half a year. Among the 15 best performers were five banks, a sector that benefited greatly from the declining interest rates. And in the top group we also find Fermenta's unrestricted

B stocks which went up 98 percent in this period, despite a 34 percent drop at the beginning of the year with the doctors' hat business and everything. And Fermenta's restricted stocks were not far behind--up 78 percent since October.

What the table does not show is which stocks declined in the same period. Actually very few companies experienced declines in this time frame. Aside from over-the-counter stocks, which did not do quite as well, only about 10 firms declined (several of them companies that are moving away from stock exchange listing following purchase). Forsinvest and Barkman came in last and Boliden was also a loser, but only by a few percentage points.

Finally some figures on market rating. The rising market could be a new incentive for wage earners to concentrate on other things besides big stock purchases, which are getting to be too expensive.

The periodical AFFARSVARLDEN's latest investment indicators show that the market rated the substance of listed companies, in other words net capital that has been adjusted for both open and hidden reserves, at 123 percent. On 11 October the rating was 85 percent.

On average stock prices today are 14 times projected company profits per share for the stock exchange as a whole. On 11 October the ratio was 10. (The profits used as a basis for the figure 14 are "mixed," in other words they are partly predictions for this year but in the case of some companies they are actual profits for 1985.)

Table 1. Stock Market Winners in the Last 6 Months

1. Trelleborg	B Restricted	+159%
2. PK Bank	Restricted	+131%
3. Hennes & Mauritz	B Unrestricted	+117%
4. Export-Invest	B	+115%
5. Volvo	B Restricted	+112%
6. Gotland Rederi	B	+111%
7. Electrolux	B Unrestricted	+110%
8. Atlas Copco	Unrestricted	+104%
9. SHB	Restricted	+101%
10. Fermenta	B Unrestricted	+ 98%
Gotabanken	Restricted	+ 98%
12. Skanska Bank	Restricted	+ 97%
Hexa Trade	B	+ 97%
14. S-E Bank	A Restricted	+ 95%
15. Skandia	Unrestricted	+ 93%

These are the winners on the stock market in the period from 10 October to 11 April. Only one type of stock per company is included on the list. (Otherwise Providentia's other types of stock would also be included.) Unofficially-listed and over-the-counter stocks are not included.

**SAVINGS FROM PRIVATE HOUSEHOLDS BEHIND STOCK BOOM**

Stockholm DAGENS NYHETER in Swedish 13 Apr 86 p 10

[Article by Jan Wifstrand]

[Text] Households are doubling their new stock investments this year!

And so far this year foreign investors have made net purchases of Swedish stocks worth around 2 billion kronor.

These are some of the factors behind the impressive boom on the Stockholm Stock Exchange. Or, to be more exact, they provide some additional technical reasons that are needed to explain the present high rating of listed stocks.

Obviously the stock market climb in the last half year to a new historic high (set this week) is due to the fact that almost everything went in the right direction--interest rates and oil prices down, leading to a drop in inflation. And most recently a labor conflict has been avoided. Another disturbing factor that influences stock investors has been eliminated. The 2-year contract period has been a special cause for enthusiasm.

But Swedish households and foreign investors are behind the big new demand for stocks. With regard to the first group it is already clear that investments in 1986 will be very large.

**Savings on the Rise**

It is mutual funds that are heading for record figures that people in the Finance Ministry had hardly anticipated. According to AKTIEFRAMJANDET's new estimates the extra 5,000 kronor investment has a net effect of 825 million kronor.

But that is not all—ordinary monthly savings are being increased by around 500 million kronor. A great many "5,000-kronor investors" are first-time investors, new additions to the mutual funds. The current number of accounts in these funds is estimated at 600,000, an increase of 97,000 compared to last year.

This figure is so high that it actually caused AKTIEFRAMJANDET to exclaim "Great!" in a letter to Finance Ministry Undersecretary Erik Asbrink, a man not usually idolized in stock market circles.

This is how AKTIEFRAMJANDET arrived at its figures:

Extra investments in January/February totaled around 900 million. To this was added 600 million, a substantiated forecast for March, giving a total of 1.5 billion kronor.

From this was subtracted the amount that would have been saved anyway without extra stimulating measures, around 275 million, plus around 400 million, the estimated withdrawal from the old public tax fund savings plans. This left a net effect of 825 million kronor.

To this figure was then added 500 million, the monthly increase, for a total new influx to mutual funds of around 1.3 billion kronor this year. Total mutual fund savings last year amounted to 1.5 billion. In other words there will be an almost 90 percent increase this year, according to AKTIEFRAMJANDET's forecast.

#### Taxes Alarming

The strength of mutual funds is something that will continue throughout the year, while there is greater uncertainty about the future behavior of foreign investors. Judging from the very gloomy predictions about the impact of higher sales taxes after 1 July, the prospects are not good. Critics charge that higher transaction costs will scare off foreigners. To what extent remains to be seen.

The roughly 2 billion kronor in estimated net exports to date (1.6 billion for January/February) must be compared with the record of 4.8 billion kronor for 1985 as a whole.

Thus the figures for both mutual funds and foreign investments are much higher than they have been in past years. In addition it has been stressed several times that wage-earner funds, insurance companies and others are very active and will probably continue to be so. There is a widespread expectation that interest rates will drop further and oil prices, currency exchange rate fluctuations and the new labor contracts seem to be creating new hopes for high company profits.

Therefore a good many observers are looking at the recent stock boom, shaking their heads in amazement--and predicting further advances (!), although in the next breath they warn small investors against investing too one-sidedly or too heavily.

index  
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## Affärsvärldens totalindex



### AFFARSVARLDEN's Total Index

Last Wednesday the Stockholm Stock Exchange set an all-time record, 629.1 on the AFFARSVARLDEN index. Total market value now stands at around 400 billion kronor. Six months ago the figure was 242 billion.

#### Working on Plans

#### What is available?

Brokers on the stock exchange are increasingly falling back on the strange expression, "shortage of materials." Of course stocks can always be found for people who pay well, but the phrase indicates the pressure exerted by demand.

Decisions to issue new stock offers have been conspicuous by their absence so far this year. But historically there is a connection. Financial leaders

look at market trends. Several are undoubtedly working on new stock offer plans now in order to take advantage of the market upturn.

A few new offers have been made to date--the really "big deal" may be the Electrolux stock offer, which will probably be conducted abroad.

AKTIEFRAMJANDET estimated earlier that stock offers in 1986 would total around 4 billion kronor. That is an unreliable forecast. Executive director Bjorn Karlin, who is responsible for the figures in this article, says that the prerequisites for new stock offers this year are "the best ever."

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CSO: 3650/183

**NEW TYPE OF FLOATING PLATFORM SEEN KEEPING FIELDS PROFITABLE**

Oslo AFTENPOSTEN in Norwegian 17 Apr 86 p 42

[Article by Morten Woldsdal: "Oil Fields Profitable Even with Low Oil Prices"]

[Text] Aker Engineering in Oslo says it will be possible to develop new Norwegian oil fields even with oil prices at \$10 to \$15 a barrel. The firm has now come up with a new type of floating platform that is adapted to low oil prices.

The platform concept--"Aker PS"--is a result of several years of development work, according to Aker Engineering's administrative director, Herman F. Ramstad.

New fields that are under consideration for development on the Norwegian continental shelf lie at greater ocean depths than the fields already in production. The new oil fields are generally smaller than those that were developed earlier. And in addition, oil price trends call for a sharp reduction in the cost of developing oil fields.

"This concept represents Aker's response to the challenge," Ramstad said at a press conference in Oslo on Tuesday.

He said that the price of this kind of floating production platform would be between 1.75 and 2.5 billion kroner in terms of current prices. The platform could produce up to 200,000 barrels of oil a day--oil that can be transported from the field by pipeline or ship.

The Shell, Statoil, Norsk Hydro and Saga Petroleum oil companies have been involved in the project. Aker Engineering hopes that platforms of this type could be used in new fields both in the North Sea and on Haltenbanken. "Our hope is to sell the concept within the next 3 years," said Ramstad.

He stressed that a floating production platform would be considerably cheaper than the type that is attached to the bottom. The building time would also be short--around 30 months.

Floating production platforms have been presented recently by several company groups in Norway. Therefore Aker Engineering will run into very stiff competition when it tries to market the new concept. One of the places where the firm will try to sell its idea is at the big oil fair in Houston at the beginning of May.



Aker Engineering's floating production concept, which was developed with low oil prices in mind.

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